THE CHINA WEEKLY

REVIEW

Devoted to the Economic, Political and Social Development of China and its Intercourse with Other Nations

Has Christian Work in China Collapsed?

By Dr. Frank Rawlinson

The Question of Naval Parity Between U. S. and England!

Some Facts Regarding the Chinese Labor Movement

By Eleanor M. Hinder

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Tariff Autonomy as a Chinese National Issue

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Winning and Losing on the Stock Exchange

By. B. Y. Lee

評論報 密勒氏

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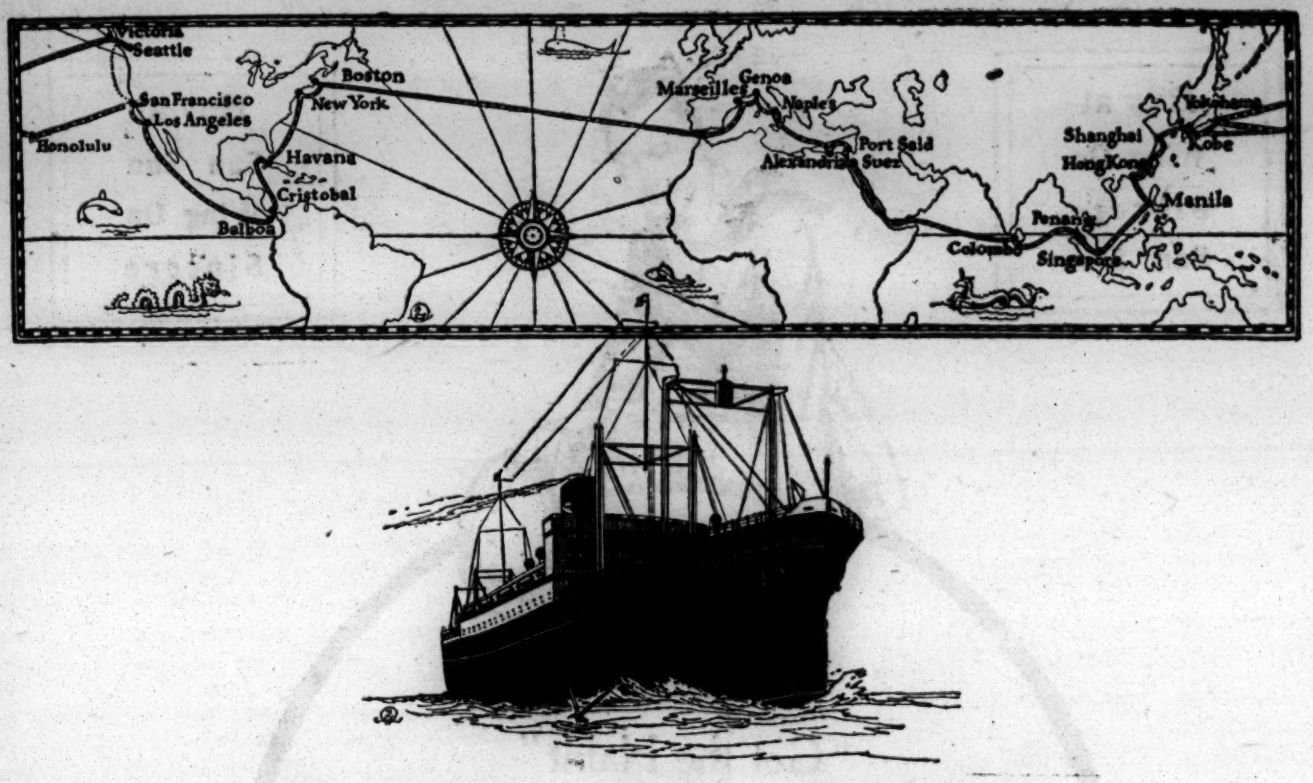

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SOME ADVICE FOR AMERICAN OFFICIALS IN CHINA!

THE *Congressional Record*, or official report of the debates in the American Congress for Jan. 6 contains some excellent advice for American officialdom in China and other countries. The first excerpt from the "Minutes of the House of Representatives" is general, but has a peculiar application to China as the reader will immediately realize. It was as follows:

> "If our diplomats succeed in the future, it will be because they understand and appreciate and in the right sense sympathize with the human and economic and racial interests of the countries to which they are accredited, and are sincerely earnest to carry the good will and good understanding of America to the peoples beyond our borders. The only young men fit to represent us in foreign parts are those who are in sympathy with advancing democracy throughout the world and whose character and ability match the advancing prestige of the United States among the nations."

The second excerpt refers definitely to China and is from the debates pertaining to the appropriation for the support of the State Department,

> "In the present situation in China we have a fair and notable example of the need of skill and vision in the Department of State. Whatever the political and military chaos of the hour, the nationalists movement in China seems to be the only sure trend upon which to count. Upon the throwing off of foreign interference and the establishment of a national unity the heart of four hundred millions of China seems to be definitely set. The peril in the nationalist movement has been the subtle influence of the Soviet Government of Russia for the last several years. Beginning with last May the nationalist movement in China began to eliminate that influence and is continuing the process with unabated vigor. But the Chinese people in their onward march need the wise and sympathetic support of genuine friendship from some influential source. The chief figure in the nationalist movement appears to be Chiang Kai-shek, some time generalissimo of the nationalist forces, and now the chairman of the advisory council in nationalist affairs. The other day in a wistful interview he pleaded for an American commission to come over and examine with the Government at Nanking, and perhaps at Peking also, the question of the revision of treaties and our relation to the China of the future. I am not saying whether it should or should not be done, but great things

are afoot, and there is need in the Department of State for clarity of vision and wisdom of decision. Whether we have a Department of State fit for this task may make a great difference with the future of America and the future of the world.

THE NATIONALISTS AND CHINA'S NATIONAL REVENUES

NEARLY everyone sympathizes with the demands of the Nationalist Government for its proportionate share of the national revenues of the Chinese Republic. Practically all of the national gains from the standpoint of treaty revision, return of concessions and recognition of China's international status as an independent nation have been obtained as a result of the activities of the Nationalists who now control sixteen of China's twenty-one provinces. But despite this fact many of China's national sources of revenue in which foreigners participate such as the Customs Administration, Post Office and so on, still maintain their headquarters in Peking and in case there is any surplus left after payment of interest on national debts, these surplus funds are released to Marshal Chang Tso-ling's Peking Government which immediately uses the money for fighting the South. No wonder Chinese are protesting against foreign participation in and control of China's fiscal affairs! Take the case of the Customs Administration where something like seventy percent of the customs revenues are derived from territory controlled by the Nationalists. But despite this fact Mr. A. H. F. Edwardes, Acting Inspector-General has been handing over to Chang Tso-ling all of the Customs surplus, which Chang immediately invests in rifles and ammunitions for fighting the Nationalists. Actually this means that the Nationalists are supplying a considerable portion of the financial strength of their chief enemy and the chief enemy of Chinese national unity. And the Peking Diplomatic Corps continues to sit in Peking and connives at this action!

BUT while sympathizing with the Nationalists from this stand-point, we are of opinion they are making a mistake when they announce plans for establishing a separate Trade-Mark Bureau in Nanking and forcing all firms, Chinese and foreign to re-register their marks here. It required a long fight for China to obtain trade-mark autonomy and a national trade-mark law, but the Chinese finally succeeded about three years ago in establishing their right to compel foreign firms to register their marks with a bureau of the Government rather than with the foreign consulates in Shanghai. The new trade-mark law is working smoothely and according to report some 30,000 foreign and Chinese marks have been registered, the fee being $45 for each mark. Several months ago Mr. Quo Tai-chi, Commissioner of Foreign Affairs at Shanghai announced that the Nationalist Government would recognize the Peking trade-mark law and would not insist upon the firms re-registering here, but apparently this decision has been over-ruled for it is reported that the Nationalist Government is planning to establish its own trade-mark bureau. If Nanking persists in this move it is bound to result in much confusion and it is doubtful whether much revenue will result due to the fact that it will require a long fight to compel the Chinese and foreign merchants to re-register their marks. From a strictly legal standpoint it is doubtful whether the merchants could be compelled to re-register, but we suppose the Nationalists have it in their power to force the issue if they are so inclined. But as stated, it would be a long, costly fight and the expense would probably eat up the revenue derived. Unless the Nationalists are to admit their inability to capture Peking, we can see no permanent benefit to be derived from forcing hundreds of sorely-harassed merchants, Chinese and foreign, to again go to the trouble and expense of registering their trade-marks. Furthermore, there is likely to be considerable ill-effect through the registration of spurious trade-marks by so-called trade-mark pirates in Nationalist territory.

THE B. A. T. COMPANY'S LABOR SETTEMENT

IF THE REPORTS in the Chinese press are correct the British American Tobacco Company is to be congratulated on its vision in settling the long-drawn-out strike in its Pootung plants on a basis generally favoraable to the more reasonable demands of the Chinese labor union. The strike started last September and finally involved some 8,000 Chinese laborers, a considerable number being women. The strike was financed, according to a report in the *China Times* by public subscription among the other Chinese labor unions, the total amount raised being some $140,000. The most important phase of the agreement was the decision of the British-American Tobacco Company to recognize the Chinese labor union composed of employes of the company. The agreement consists of some twelve clauses whereby the Company agrees not to discharge laborers except for adequate reasons; to maintain schools for the children of employes; to provide a "rice allowance" for employes when the local price of rice goes beyond a certain point; to grant female laborers six week's leave before and after child-birth and partial wage during the period; to provide free medical and hospital treatment; to provide allowances for funeral expenses; to provide allowances for laborers injured while on duty; and finally to grant a bonus at New Year. Both sides agree to observe the terms of agreement pending the enactment of a Chinese Labor Law by the Nationalist Government. At the same time this agreement was made the British-American Tobacco Company also arrived at an understanding with the Nationalist Government on the matter of taxes, the company agreeing to pay a tax of 22½ percent based upon the customs valuation, in exchange for which the Government agrees not to assess further taxes when the goods are moved inland. As a matter of fact the Chinese newspapers report that the settlement of the tax issue and the strike of Chinese employes in the Company's plants here was made simultaneously and that Mr. T. V. Soong Nationalist Finance Minister had considerable to do with the settlement of the strike as well as the compromise over the tax question. Both sides are therefore to be congratulated on what appears to be a happy settlement of a long deadlock! However, the Chinese cigarette companies are now reported to be kicking up a row owing to allegations that the tax-rate agreed upon which is supposed to apply to both Chinese and foreign companies alike, nevertheless, gives the foreign cigarette concerns an advantage.

SAD NEWS FOR FORGERS OF PUBLIC DOCUMENTS!

IT SHOULD be of interest in the Far East that there recently have been two cases of outstanding interest where the forgers of public documents have been brought to book. The United States Senate on Jan. 11 concluded an investigation

and issued a report that certain documents published in the Hearst newspapers were "spurious and fraudulent." These documents, which Mr. Hearst purchased in Mexico City for some G.$15,000, contained allegations that the President of Mexico had appropriated the sum of G.1,215,000 for the purpose of bribing certain American Senators and also for the purpose of financing revolutionary activities in Nicaragua and China. In publishing the documents and letters, Mr. Hearst erased the names in order to avoid libel suits, but the inference was plain and pointed chiefly at Senator Wm. E. Borah, chairman of the Foreign Relations Committee. Mr. Hearst's reason for publishing the documents was to embarass and discredit Senator Borah and other American political leaders who have been advocating a conciliatory policy toward Mexico on the part of the United States. Mr. Hearst wanted intervention and stopped at nothing to obtain it, his propaganda following lines which are familiar to residents of Shanghai who read the *North-China Daily News*, the local official British organ which has been working to similar end in respect to China and has used similar propaganda methods, including the publication of documents alleging Soviet Russian financing of the Chinese Nationalist revolution. The other case of a forger of public documents being punished was in Leipsig, Germany where one Anton Schreck was sentenced to penal servitude "for the repeated crime of forgery of document and offences against the espionage laws." The *Reuters* report about this case stated that evidence existed that Schreck was responsible for the forgery of the notorious "Zinovieff letter" pledging Soviet Russian support to the British Labor Party, which forged document had much to do in bringing about the defeat of the British Labor Party in the last election in England. The British labor leaders and the Russians as well pronounced this letter a forgery, but the British public was made to believe that it was genuine through propaganda published in the daily press. The New York *Nation* in its issue of Jan. 11 published an appropriate cartoon pertaining to these cases. The cartoon contained a drawing of a large garbage or refuse container with the wording, "International Ash Can." If someone would start an investigation to determine the authenticity of innumerable documents which have been published in the Far East in recent months, we imagine that several prominent local publicist and letter-writers for the foreign press would take a sudden trip for other parts.

IS IT THE ENTERING WEDGE FOR REPRESENTATION?

THE *Municipal Gazette*, which contains as much of the proceedings of the Shanghai Municipal Council as that body chooses to make public, contained in its issue of February 3 a reprint of correspondence which has passed between the Council and the Chinese Ratepayers Association on the subject of the appointment of a Chinese Advisory Committee. The Council's letter, which was signed by Mr. Fessenden, Chairman, invited the Chinese Ratepayers Association to recommend a special advisory committee to assist the (foreign) Council in the framing of the 1928 budget. Mr. Fessenden suggested that the Chinese appoint "say, from 3 to 5 gentlemen who would be well qualified, by reason of their own interests in the Settlement, to advise the Council on the larger questions of municipal finance." Mr. Yu Ya-ching, who is chairman of the Chinese Ratepayers Association and the Chinese Commercial Federation accepted the Council's invitation and appointed a committee of *seven* prominent Chinese business men and bankers to assist the Council. The Committee is composed of Messrs. S. S. Pei, Li Ming, Chin Zen-ching, L. T. Yuan, Zee Ping-wei, T. K. Ho and M. D. Wong. The Council has accepted this Chinese Advisory Committee and has expressed the hope that "excellent fruits will be yielded as a consequence of the cooperation lent by the Chinese public in this matter."

THE appointment of the Chinese Advisory Committee was forced by the almost unanimous refusal of the Chinese interests in the Settlement to pay the increased tax rate voted by the foreign taxpayers at their annual meeting last spring. The Chinese refused, justly, to pay the new rates on the grounds that they were not admitted to the ratepayers meeting and hence were not consulted when the Council decided to increase the taxes. Therefore, in view of the fact that the Chinese pay most of the taxes (actually somewhere between sixty and eighty percent) they had it in their power to force the Council to terms by simply refusing to pay the increased rates—which is practically what has taken place, as is indicated in the Council's frantic and altogether undignified appeals in the local press for a "Special Crime Suppression Fund." There have been innumerable private and unofficial conferences between members of the Council and leaders of the local Chinese community and while there have been no official announcements of results it is well known that the initial steps have been taken to give the Chinese a voice in the administration of the Settlement. The Shanghai Municipal Council has been between two fires: it has been pressed on one side by the Chinese for adequate representation in the administration of the Settlement, and on the other side by local die-hards who are still living in an atmosphere of pre-Boxer days and who think this Settlement can be preserved indefinitely as a little foreign controlled monopoly where a few foreigners may amass great wealth at the expense of the tax-payers of Great Britain and America who supply the military and naval protection. But no useful ends are gained by reviewing the mistakes of the past. The important fact is that a start has been made by appointing a Chinese advisory commission composed of responsible Chinese who have back of them a representative Chinese organization with local interests, the Chinese Ratepayers Association which probably has a membership of from 2,500 to 3,000 Chinese residents of the Settlement who have qualifications for voting similar to the qualifications of the foreign ratepayers.

THE responsibility of the Chinese Advisory Committee is very great for upon this committee largely rests the problem of working out some scheme for gradual readjustment or reorganization of the Shanghai municipal government leading toward a large measure of Chinese participation in the local administration and eventually to Chinese control. If the Chinese Advisory Committee amounts to anything it will give the foreigners genuine advice and if the foreigners have any intelligence they will accept this advice and make the best of it. What the local die-hards would like would be for the foreigners to draft the budget and then call in the Chinese Advisory Committee to place its stamp of approval on what the foreigners have already decided. Such a method would, obviously, be disastrous to any scheme of gradual readjustment, for the Chinese public would lose faith in its Advisory Committee and again withdraw from participa-

tion as they did in 1925 following the riots and strikes resulting from the shooting of Chinese students and laborers by the Shanghai Municipal Police on May 30 of that year. We would thus have a continuance of the deadlock between foreign and Chinese interests until some other incident occurred which probably would result in the Chinese taking over complete control of the Settlement as happened in the case of the British Concessions at Hankow and Kiukiang in the spring of last year. A careful perusal of the reports of the recent debates in the British Parliament on the subject of the British troops in China should be illuminating to local foreign interests for the hand-writing is plain as to the future intentions of the British Government in respect to these foreign settlements and concessions. The British Government intends to hand them back to the Chinese and that shortly. The British troops will be kept in China in order to render protection while the necessary adjustments are being made and no longer. If the local foreign die-hards are able to block readjustment from the standpoint of Chinese representation in the administration of the Settlement, then the British Government will finally be forced to take things into its own hands and settle the question as was done in the case of the British Concession at Hankow.

OF interest in connection with this question of the Chinese right to participate in the administration of the Settlement on the basis of taxes paid, is the following compilation which appeared recently in the *Peking Leader* the American paper in the Northern Chinese capital. This list which shows the Chinese as paying 61 percent of the taxes is based upon the land and house-rental only and does not take into consideration the amounts received in shop licenses, vehicle and other forms of local taxation of which the Chinese pay the greater part. It also does not take into consideration the fact that much of the property listed as "foreign" in the Settlement is really Chinese owned and is only foreign from the standpont of registration in some foreign consulate. The list follows:

"In view of the argument as to just what proportion of the municipal taxes at Shanghai are paid by foreigners and what by Chinese, the following statistics from the official *Municipal Gazatte* of that city (January 6, 1928) are of interest. The 'Summary of General Municipal Rate September Quarter' from which the figures are taken is signed by E. L. Allen, Commissioner of Revenue. The statement does not make clear just which months are covered by the 'September quarter', but the logical assumption would be that the period is the three months ending September 30, 1927.

"The amount of tax collected is given as follows:

	Foreign	*Chinese*
Central District	Tls. 247,649	Tls. 352,442
Northern do.	71,575	191,712
Eastern do.	105,464	180,302
Western do.	115,449	209,350
Outside Settlement Limits	61,929	10,052
Toial	Tls. 602,066	Tls. 943,858

"The totals for the corresponding period in 1926 were: Foreign, Tls. 503,843 and Chinese, Tls. 774,669. Tax collections for the same period in 1925 were: Foreign, Tls. 480,375 and Chinese, Tls. 692,548.

"Worked out in terms of percentages, this means that the relative proportions of the total tax payments during the "September quarter" for the last three years were as follows:

	Foreign	*Chinese*
1925	41%	59%
1926	40%	60%
1927	39%	61%

"The same statement gives the rental assessments on houses as follows: (1927) Foreign, Tls. 17,415,712 and Chinese, Tls. 25,405,068. In 1926 the rental assessment figures were: Foreign, Tls. 16,405,550 and Chinese, Tls. 23,809,018. The 1925 figures stood: Foreign, Tls. 15,665,943 and Chinese Tls 21,513,406.

"Thus, inspite of the troubles through which Shanghai has been passing, the assessed value of house property and the total of tax collections has steadily increased during the past three years."

The Question of U. S. Naval Parity with England

VERY FEW foreigners, particularly Americans, residing in the Far East have any appreciation of what it means when they read in the brief cables from Washington that President Coolidge has recommended the construction of a certain number of cruisers, or on the other hand read reports from London that the British Government has authorized a larger or smaller number of cruisers. For example, a *Reuters* cable from London on Jan. 20 stated that the British Cabinet had authorized two cruisers to be laid down in 1928, but that secrecy was being maintained as to whether they were to be of the 10,000-ton or the 8,000 ton type. The whole thing is confusing to newspaper readers here and the confusion is not lessened by reports from Japan regarding the naval plans of that country. In Baron Tanakas address at the opening of the Diet on Jan. 21, he declared that Japan had attempted at the recent Geneva Arms Conference, "to assert Japan's claim on the one hand and to harmonize the views of the British and American delegates on the other," which declaration does not cast any special light on the situation or enlighten us regarding the reasons for the failure of the Geneva Conference to reach an agreement. In general the character of the news regarding the American-British naval situation, which has been cabled to this part of the world has been such as to indicate to the average newspaper reader that the present American naval program pertaining to new construction, is unreasonable. Undoubtedly it has caused an impression to prevail in Chinese circles that America is becoming ultra-ambitious from the standpoint of naval construction, which impression has naturally been responsible for some little apprehension among Chinese intellectuals who observe world tendencies from the standpoint of their own future national interests. On Jan. 16 *Reuters* carried a report from Tokyo quoting two of the leading Japanese newspapers, the *Chugai* and the *Miyako*, as questioning America's sincerity on the subject of naval limitation. Recently a prominent Chinese, an official of the Nationalist Government, asked the writer of these paragraphs, why America wanted the largest fleet in the world? He had gained the impression somewhere that the United States was determined to construct the largest fleet, and naturally he was interested in knowing why. Apparently he had been led to fear that the American naval program in some way might be detrimental to the future interests of the Chinese nation. It is largely for this reason that we are reprinting elsewhere in this issue of *The Review* an article by Mr. William Howard Gardiner which appeared originally in the January number of *Harper's Magazine*. This article explains better than anything we have read recently, the American viewpoint on the question of U. S. Naval parity with Great Britain, which is an entirely different proposition from the popular impression which seems to prevail that the United States is intent upon building the greatest fleet in the world.

The American people, generally speaking are not "military-minded," meaning by this that the average American gives little thought to the question of the American fleet. The same situation applies from the standpoint of the American merchant marine. But in recent years the expanding overseas commerce of the United States has caused Americans to think more on these subjects to the end that there is gradually developing a consciousness on these matters. But while Americans are beginning to think on these subjects, this does not mean that the Americans are becoming ambitious to dominate the world either with their fleet or merchant marine. They are, however, beginning to think seriously about the matter of world policies and the relationship of a merchant marine and a fleet to the formulation of world policies.

THERE probably is no place in the world where these subjects should be of greater interest than here in the Far East, or to be more specific,—here in China. During the trouble which developed in Shanghai in 1925 as a result of the shooting of Chinese students and laborers by the Shanghai Municipal Police, it was necessary for the Powers to land sailors and marines for the purpose of preserving order in the foreign settlements. It happened that for a few weeks there were more American naval forces ashore in Shanghai than the forces of any other nation. This inspired a Chinese to write a letter to one of the local newspapers in which he asked why it was that America had more naval forces ashore than any other nation when America had always professed a policy of friendship and non-aggression toward China. He apparently had been led to believe that America was taking the lead in "aggressing" upon China, but he changed his mind when it was suggested that the American forces might be withdrawn entirely, leaving the British and Japanese here exclusively. When he looked at the situation from that standpoint, he changed his mind and was glad the American forces were here. From a general standpoint, this incident might be magnified to include the whole China situation. The United States has certain traditional policies in the Far East, all of which may be summarized in the American conception of the Open Door and Equality of Opportunity in Asia. America wants to see China develop as an independent nation capable of managing her own affairs without outside interference. But so long as Britain and Japan maintain powerful fleets in Chinese waters it wouldn't help China's case any to withdraw the American fleet; rather the reverse. For example last spring when the British Tories were at the helm and Britain and Japan and a certain class of Americans were all working for intervention, it was President Coolidge who called a halt and forced a change of policy all around. If there had been no American fleet in this part of the world, President Coolidge's declaration against intervention would have had little weight. It was the potential strength of the American fleet that gave effectiveness to Coolidge's declaration of American policy and forced other powerful nations to stop and take heed of the situation.

THE prevailing sentiment in the United States is against excessive armament. America took the lead at the Washington Conference against naval competition and in favor of limitation, but as Mr. Gardiner's article shows, neither Britain nor Japan have lived up to the spirit of the 5:5:3 agreement from the standpoint of crusier. Furthermore there was no indication of a changed spirit at the recent Geneva Conference. Therefore, the only course left open for the United States is to begin construction of cruisers to the end that there will be equality under the Washington agreement which expires in 1931. Any other course would be suicidal from the standpoint of the national security of the United States. The American people are determined that they will not face another situation similar to the one they faced at the beginning of the World War, hence they are looking forward to that eventuality. From the standpoint of America's relations with Great Britain, there is a general feeling in America that world peace largely depends upon friendly cooperation on the part of the two English-speaking nations, but while realizing this, there is no overlooking the historical fact that Britain in the past has always encompassed the destruction of her trade rivals by forming hostile coalitions against them. Thus England disposed of Holland, France and Germany, and while English publicists of today are open in their professions of friendship for America and their desire for cooperation in the interest of world peace, there is no overlooking the fact that last spring when there was a sharp divergence of opinion on the part of America and England in respect to China policy, that British imperialists from London to Tokyo were howling for a renewal of the Anglo-Japanese Alliance. America and Great Britain have had a long record of peaceful settlement of differences through negotiation and there is hope that this policy will be continued, but so long as nations continue to base their policies upon military strength the United States can not rest secure upon any basis except that of absolute parity with the British navy, and as stated in the foregoing, there is no place in the world where the necessity can be realized to better advantage then here in the Far East where world policies come into contact. Russia probably provides the best example of the accuracy of these conclusions, for there is a government based upon the proletariat, which under ordinary circumstances would be opposed to militarism. But despite the fact that Russia proposed complete disarmament at the recent Geneva Conference, the Russian Government, nevertheless, feels it necessary to maintain a powerful standing army, said to be the most powerful in Europe today. The reason for this is obvious, for regardless how the Russians may feel on the question of armament, so long as their country is surrounded by hostile states and coalitions of hostile states, it is necessary for them to adopt adequate measures of self-protection. Exactly the same thing app lies to China. The only thing which will bring China complete independence and respect on the part of other nations will be a strong Chinese military establishment capable of repelling any possible enemy. It was the strong Japanese navy which brought that country the respect of other nations, for if Japan had not developed a strong army and navy, foreign nations would still be controlling Japan's tariff and enforcing their extraterritorial rights. This is, we admit a pessimistic viewpoint, leading inevitably toward another and more terrible World War with bolshevism and communism as the final outcome, but so long as supposedly civilized nations follow these policies their is no other answer. Probably the most sensible statement we have seen on this question of the American naval program was by Admiral Mark L. Bristol in a recent interview printed in the *Manila Bulletin*, which was, "I am for a well-balanced fleet and all auxiliaries as such a program requires, but I am against competitive building.

Has Christian Work in China Collapsed!

BY DR. FRANK RAWLINSON

SOME myopic observers of events in China during 1927 saw only the dust and the fumes raised by various and disastrous revolutionary events. Not being able to see behind these clouds they have concluded that Christian work has gone down with a number of other movements in China once considered by them as showing a measure of promise. But some of us were able to see behind these swirling screens of disaster. We know therefore, that Christian work looked at in the large never came within reasonable distance of being wiped out during 1927.

Christian work in China has experienced many shocks during 1927. Compared with the events of the Boxer Uprising the criticism of and attacks upon Christian work and workers far exceeded what happened in 1900 with the exception that loss of Christian lives in the last year or two cannot, in number, begin to compare with that cataclysmic event of twenty-seven years ago. The disturbance and disruption of Christian work in 1927 was much more widespread than in 1900. Nevertheless 1927 came no nearer, if as near, wiping out Christianity in China than 1900.

The departure of the missionaries after the Nanking maelstrom was a disaster. No one desires to minimize it. About two years ago there were about 8,200 missionaries on the rosters of the various missionary societies having work in China. These were reduced in number during the early summer of 1927 to about 3000 actually then still resident in China. Most of these were marooned in the treaty ports or other centers. But all through the most exciting times of the year the number of missionaries working somewhere in the interior never went below five hundred so far as could be ascertained. Even in some of the most disturbed areas some missionaries continued to carry on. A group of missionaries remained in West China. A few remained in the interior of Fukien. Missionaries never entirely evacuated Hankow. Even in parts of Hunan, one of the most disturbed provinces, some missionaries remained at their posts. Some of them even deplored the absence of their colleagues, as this militated against their taking full advantage of existing opportunites for Christian work.

Most stations where missionaries were resident were deprived of their assistance. A considerable proportion, however, of the missionaries have now returned to China and to their stations. At present the number of missionaries resident in China is something like 4,000. During their absence many of the missionaries received warm and sympathetic letters from their Chinese colleagues and those who returned were cordially welcomed. Whether or not the number of missionaries at work in China could or should return to that obtaining before 1927 it is not possible to say. Opinions differ as to whether it is either possible or desirable. But it is quite clear that while the status of the missionary has changed he still has much work to do in China. Opportunity for western Chistians to serve the Chinese people is still an important aspect of Christian work in China.

It is still impossible to get conclusive statistical data as to how much Christian property was destroyed, damaged or commandeered in the last year or two. The total loss was undoubtedly considerable. Yet one feels safe in asserting that most Christian property remains and will probably again, for the most part, become available for Christian uses. The Y.M.C.A, for instance had a number of its local plants commandeered. But according to the last report all of these had been returned and in most cases with little serious damage. Churches and schools have not all been as fortunate as the Y.M.C.A. in this regard. Even in this connection, however, one is safe in asserting that only the minor proportion of such Christian property has been permanently affected.

Christian hospitals suffered heavily. Here again final statistics are not available. The reports were, however, made in the "China Medical Journal (I imagine these myopic pessismists do not take time to read such authorative publications!). The first report showed that of 170 hospitals in twelve provinces sixty-two percent or them managed to continue in operation many of them, of course, under Chinese management and some of them not up to their normal effectiveness. The second report stated that of eighty-four other hospitals ninety-five percent were running under conditions somewhat similar to those mentioned above. Put another way these reports showed that of 165 hospitals in Nationalist territory all but 35.7 percent remained open; under the Northern Government all but 5.7 percent remained open. In many cases these hospitals were kept open under great difficulties and often with loss of efficiency. Nevertheless Christian hospitals were very far from being wiped out! There is now good reason to believe that most of them will resume fairly much along the lines formerly in vogue. Even during the war time these hospitals did not come near, as a whole, being wiped out!

Early in the year many Christian schools closed. A proportion of them are still closed. Enrollment in Christian schools has undoubtedly fallen below what it was in 1926. But Christian educational work never stopped in 1927 in any complete sense at all. Many schools temporarily disrupted were resumed by Chinese often at considerable sacrifice and sometimes at considerable heroic risk. In a number of cases the Chinese left responsible for these schools voluntarily reduced their salaries to meet the cramped financial educational situation. In one case in Nanchang *volunteer* teachers were secured because the school could not be run otherwise. But so far as I can ascertain the majority of Christian schools managed to keep going though like the hospitals many of them perforce lost in their momentum of efficiency. Canton has been disturbed frequently. Nevertheless in September, 1927, only one Christian school had registered with the government and all of them opened. The departure of the missionaries seriously disrupted the work in most Christian colleges and universities. Most of them suffered from internal or external disturbances. But the majority of them managed to keep open nevertheless! Most of them are still open, The story of how the Chinese staff kept Nanking University going is one of heroic Christian determination! During the year most of these, colleges have secured, either as presidents or vice-presidents Chinese of excellent educational calibre and moral capacity. That this transition from foreign to Chinese presidents or administrators could be effected in a time of such disturbance shows that never at any time were these institutions in danger of being wiped out even though they have not escaped the disturbances unscathed.

The church likewise has suffered. Not a few churches have been raided. From a comparatively small number of places congregations have dissappeared, though on this point likewise no final statistics are available. Reports show that in a considerable number of cases church membership has decreased for various reasons. Church work has of necessity slowed up. But taken as a whole it did not stop in 1927. The faith of many Christians has been revealed as weak. But the faith of many more is now seen to be of that type which endures even loss of goods and sometimes life. The Anglicans, in spite of the turmoil, ordained ten clergy in Wuhan and one Bishop in Fukien in the latter part of 1927. Early in January the Methodists held a conference in Shanghai composed only of Chinese delegates. This conference set forth a program for the future conduct of the work of this denomination. Among other things this conference revealed, what is true of most it not all other communions, that the events of 1927 instead of breaking the bonds between western Christian workers in China and their Chinese Christian communities has strengthened them.

Of course Christian work is not wiped out! It has suffered. It has lost prestige to some extent. It has been shaken! In some places it reeled! But it never came near a real collapse! Taken by and large the sufferings of 1927 have served to awaken the Christian Church in China to a new sense of its responsibilities and opportunities. Christians in China are thinking deeper and harder than they ever did before during the century and a quarter of the modern Christian Movement therein. 1927 has proved, that Christianity in China cannot be wiped out!

Shanghai Jan. 28, 1928.

The Sinim Masonic Lodge of Shanghai will hold a special ceremony at 9: 15 p. m. on Monday evening, Feb. 13 when F. D. Drake will be installed as Worshipful Master of the Lodge,

David Z. T. Yui. general secretary of the National Committee of the Y. M. C. A. in China is planning to depart on February 21 for Jerusalem where he will attend the World Y. M. C. A. Conference. During Dr. Yui's absence from Shanghai, Dr. John Y. Lee, the associate general secretary will he in charge.

Henry L. Stimson, prominent attorney of New York who has been appointed by President Coolidge as Governor-General of the Philippines, has sailed and will arrive in Shanghai shortly on his way to Manila. Mr, Stimson served as President Coolidge's envoy to Nicaragua last spring.

The liquidators of the bankrupt Companie Orientale de Capitalization, a French savings concern, have entered suit in the U. S. Court for China for Tls. 114,657 against three Americans who were formerly on the directorate of the company. The Americans are J. Harold Dollar, W. I. Eisler and O. G. Steen. They are charged with wrongfully converting shares of the Realty Syndicate, Inc., which are alleged to have been the property of the French concern. Messrs. Dollar, Eisler and Steen are represented by S. Fessenden while the French company is represented by F. J. Schuhl, R. T. Bryan, Jr., and M. A. Du Pac de Marsoulies.

Some Facts Regarding the Labor Movement in China

BY ELEANOR M. HINDER

In the Chinese Recorder

THERE is, simultaneously with the political revolution. occurring a social revolution in China. One important phase of these happenings in China may be broadly classed as the "Labour Movement." Any statement attempting to describe and define it should obviously be written by a Chinese person, for it is almost impossible for a foreigner to have intimate enough contact with its varying phases to record it accurately. What follows is an effort at a compilation of factual material from available sources in English, together with an attempt, in great temerity, to analyse some of its aspects. Where this fails in accuracy it is not due to wilful intent.

Some of the earliest phases of the modern labour movement in China can be traced to the activities of the students in the anti-Japanese movement in 1919. Previously embryonic organisations had existed on the Peking-Mukden and Peking-Hankow lines, but they had no strength. In 1919 there were in Shanghai strikes of textile workers and dockers who were in Japanese employ, and in Hongkong there occurred a strike among metal workers. During this year there is record of the coming into being of a number of labour unions in Kwangtung Province, and these happenings may be said to be the genesis in China of the labour movement in the modern sense. By this is meant the line-up of the labourers in organisations distinct from those of employers, replacing the old guild system in which both were associated, and in which the welfare of the group and the trade was aimed at, but often involving a system of charity and paternalism from which the modern world dissents. The factors which have contributed to this modification can be briefly listed according to Dr Ch'en Ta:

(*a*) The coming of large scale industry, and the divorce of workers from close contact with masters has done in China what it has done in the West—separated the common interests. Ideas which have sprung up in these larger aggregations are spreading down to the small scale, the domestic, and the tenant—landlord relationships, and producing modifications there also.

(*d*) The increase in ability to read the written word among the people.

(*c*) The beginnings of the emancipation of women.

(*b*) The active co-operation of the student movement.

After 1919, the number of labour unions increased, but they exhibited no action until 1922, when in January, a strike began which lasted 56 days. Toward the end of 1921 foreign seamen in Hongkong, who already had a higher wage, than the Chinese seamen, more than consistent with the differing scale of living, were granted a further increase of 15 per cent in wage; whereas most of the Chinese seamen were being paid at pre-war rates. Before the strike ended, all Hongkong labour including the railwaymen had been drawn into the struggle in a General Strike. The successful outcome of the strike stimulated the workers of the whole country. Following this effort there were set up railway organisations on the Peking-Hankow Railway line, and a successful strike on this route was followed by efforts on the North China routes. In Hupeh a Provincial Federation was set up, with 23 unions: in Hunan, after strikes among the miners, the movement was established, with 25 branches. In Shanghai there were strikes among the silk workers, postal workers, and seamen, and although all but the latter were unsuccessful in their efforts, they made for the beginnings of the movement in that city.

These beginnings made possible the holding of first "All China Labour Congress" in Canton; from May 1-7, in 1922. This conference passed resolutions setting forth the aims of the workers in industrial standards. The second National Congress was fixed for the following year in Hankow. But in February of that year occurred forcible repressions of the railway unions on the Peking-Hankow line: their organisation meeting was prevented from being held, and in protest, the men struck. They were forced to resume by the military, when three workers were killed and several wounded. Trade unions were dissolved, and leaders of the movement were driven from their factories and railroad and, when not imprisoned, shot. Thus the movement languished, except in Canton, where the unions remained in existence.

In September, 1924, it began to revive again, and in January, 1925, there occurred in Shanghai the series of strikes in Japanese mills, the final outcome of which was the May 30th affair. Most of these strikes were successful, and improvement in wages and hours is recorded. It was probably during the time of inaction between the holding of the first Congress in 1922, and the second in 1925, that the Kuomintang in the South first saw the labour movement as an instrument in the Chinese National Revolution. A political consciousness was developing among a growing number of the people, which the leaders of the party saw should be focussed. The labour group itself was becoming more articulate, and messages of comradeship from Russia and Japan made for increased group consciousness. The Chinese unions also addressed themselves to the workers of the world. At the 1925 Congress which convened in Canton, the All China Labour Federation was definitely formed: organisational methods were outlined, and a recognized central leadership was set up. At the third Congress in 1926, also held in Canton, there were representatives from 400 so-called "unions" all over China; evidence of the growing thinking of the movement is given by the discussion of such subjects as—the organisation of the labour movement: re-organisation and working of the trade unions: objects and programme of the economic struggle: young workers and the trade union movement: relations between workers and peasants: right of association and conditions of work. The fourth Congress took place in Hankow in May, 1927.

It may be argued that the Congresses have not been truly "representative." But, in so young a movement, the very holding of national meetings of single individuals to the number of 400, even if their constituencies may be the subject of doubt, coming as these individuals did from all parts of the country, from all occupations, and in part from the ranks of labour itself, was an achievement. But it is necessary to understand the status of the individual unions, in order that the Congresses may be correctly judged.

In the West "right of association" of workers has been won, after struggle, in most countries. In China, for sometime only in Kwangtung, where the political party had seen the potential force the labourers might be in the revolution, was freedom of association, which is now regarded as a basic plank of human liberty, made possible. Here the authorities after the victory of the seamen's strike in 1922 repealed the section of the *Provisional Criminal Code* which had formerly forbidden strikes, thus legalizing them. (In 1912, when the Provisional Criminal Code of the Republic of China was promulgated, trade unionism was not recognized. Article 284 is the only one relating to the labour question: it is purely repressive, and a denial of the right to strike. It provides that "when workmen in the same business combine in a strike, the ringleader shall be punished with imprisonment for a period not severer than the fourth degree or detention, or fine of not more than 300 dollars, and the others shall each be punished with detention or not more than 30 dollars.") The right to organise and hold meetings is stipulated in the *Provisional Constitution of China* and upon this right did the workers of the Peking-Hankow line stand in their protest addressed to Peking after the forcible repression at the hands of militarists. Arising out of this, the Peking government in 1923 drew up regulations for the controlling of the unions, so that in their turn they might not be a menace to public rights, as is done also in western countries which freely admit the principle of the right of association. They remained, however, as a draft, and some of their clauses were not such as was consistent with the idea of "freedom" desired by the workers. In November, 1924, Sun Yat-sen promulgated trade union regulations for the province of Kwangtung. These may be regarded as fair and in line with modern thinking in the matter. They involve:

Recognition that trade unions and employers' associations are on an equal footing.

Recognition of the principle of freedom of speech within the unions.

Recognition of the right of collective bargaining and collective agreement.

Recognition of the right to strike.

Recognition of the right to have arbitration in the case of dispute.

Recognition of the right of unions to work with employers toward regulating hours of labour, working conditions and factory conditions.

Encouragement of the principle of organisation by industry though allowing for the existence of trade unions on a craft basis.

Upon these liberal bases the labour movement in Canton was able to grow while, until the northern expedition of the southern army, there was no possibility of this in other parts of China. Later, however, despite the differences within the ranks of the Nationalist Movement, wherever the Southern Army came, freedom of association was recognised. In Shanghai it became possible to sense a very different atmosphere from that completely-repressive regime of the militarists formerly in control,—though intolerances within the movement when the moderate section, in control, murdered many so-called "Communists," occasioned a loss of life almost as great as that under the militarists.

Though consistent repressive measures were taken prior to the Nationalist regime in Shanghai to keep down the unions, it is evident that the denial of this right of association was not wholly successful. This was shown by the numerous strikes to which the industries of Shanghai were subjected throughout the whole of the preceding months. An analysis of one month's strikes in Shanghai reveals the extent to which underground organisation was successfully proceeding, and further, shows that the demands of the strikers were frequently both reasonable and acceded to by the management. On the other hand, the fact that strikes were called in some cases, and work was resumed without even the presentation of any demands to management (workers being content with broadcasting their opinions about their working conditions in the form of leaflets, as if they could get public support by this method), shows that there was incomplete understanding of the strength of combination, and what it can accomplish.

Some facts, however, with reference to the emerging movement, prior to the South, appear:

(*a*) Though the existence of unions was forbidden by military authority, they flourished sufficiently to be able to act in unified fashion. Indeed they achieved recognition from employers.

(*b*) The unions concerned themselves with conditions of work, and with rates of wages: they were acting in accordance with the accepted theory of the right of group action in relation to conditions of work. They had economic aims, and were not wholly political in their expressions, however much their organisation might have been fostered by the politicals.

(*c*) The common action taken on issues of conditions of work and life was in itself educative. It is admitted that many workers would not realize the reason for the strike, and would not be able to read the leaflets distributed. But some ideas concerning the issues would filter through to them. And they would begin to realize that there were, in the conditions of their employment, matters which called for protest.

While the efforts of the workers have been undeniably devoted to the obtaining of the relief of their conditions through strikes, it is also true that the strike has been used as a weapon by the politicals, and probably true that, if the party had not seen the value in using the workers for the furthering of political ends, their attention to the problems of the workers would have been less vigorous. The politicals have provided the funds and the workers for the organising of the workers. Not generally as yet is the leadership of the unions coming from the ranks of the workers themselves. It is either the "student" leadership which is being used, or the more definitely trained-for-the-purpose "revolutionary leaders." That this is so is one of the results of the policy of repression. A year ago, before the coming of the South was within the purview of the thinking of the workers in Shanghai, when unions were forbidden, one of the Electrical Trades' Union workers, a man sound and sane in his thinking, said, "If the employers and the authorities would recognise the unions, steady men would go into them, and their leadership would be in the hands of the men who know the trades—not in the hands of the agitators." It would be scarcely fair to say that employers are to blame that they did not move more quickly because then, as now, the union was a somewhat nebulous thing, and they possibly thought the day of the union power was far off. It has been proved that there were groups which realized the significance of the labour union before employers did—and the politicals are reaping the benefit of the awakening of labour, to the disadvantage of the trader for the most part, and oftentimes of the worker too. But in the working of the politicals, the genius of creating a common thinking by common action which is displayed has been very great. It is the same genius which, in the Revolution, took advantage of every anniversary as an occasion for the gathering of people together; for causing common action in leaving work, and then gathering in common activity while away from work: in realising that not entirely through reason shall the significance of the workers' movements be understood, especially in a country where most of the workers cannot read: but in making, instead, for a creation of a common sentiment through mass action.

Whatever the expression of the movement, economic or political, the leap forward in organisation in China in the Yangtsze Valley and South of it, was very great in 1927. What has to be considered, however, is the degree to which this is understood by workers: and the degree to which there is any differentiation in their minds between "Communistic" thinking and that based upon other economic doctrines. It is a matter of history that in April, 1927, there occurred, on the order of the Nanking Military authority, a terrible massacre of students and other leaders in Canton, and all cities of the Yangtsze Valley except those under the control of the Hankow group, which was more radical.

A Chinese man working in an industrial district in Shanghai interviewed many individual workers, asking them what they thought of the process of unionisation, and what it had been able to accomplish for them. To many of them it meant another way in which they were deprived of the fruits of their labours—they claimed they had to pay union dues to the extent of about 10% of their earnings: and failing to see that there had come to them as yet any appreciable good, they were not enthusiastic concerning the unions. Others recognized that they had been used as the tool of politicals and resented this. Others again said they had been used once, but would not be caught again. They had struck, lost wages, paid dues—and gained nothing.

In Soochow a ricksha man was asked by a woman whether he had a union. "Yes," he said with pride, and offered to show her where the headquarters were. Then he said, "We pay money to the students every month." He obviously thought that he was paying for the support of some students, when probably it was men dressed like students who were acting as organisers for the union. In Soochow, also, many workers in the silk weaving small industries had gone home to the country, according to a Chinese woman, refusing to stay and be "organised." These results are perfectly natural. They accord with the old situation in the West—and one not yet passed—where the rank and file have not been willing to down tools over any one issue, but have been over-ruled. They have accused the leaders of "taking the bread out of the mouth of the workers." It but points to the fact that, though the actual organisation of a labour movement has proceeded with remarkable rapidity, the basic matter of the understanding of the issues is, as always, a long process of education.

Conversation with the ordinary workers reveals that there is practically no real understanding on their part of the differences of economic philosophy. Whatever differences there are, are in the minds of the leaders, and they obtain what following they can. In Shanghai, for example, in November, 1927, it can be said that the central organisation of unions, the so-called Labour Unification Committee, is appointed directly by the Kuomintang and is not composed of representatives from unions. The policy is non-communistic. Communist leaders are not in evidence, but it is claimed that they are secretly working, and that, should opportunity arise, they would command a following from the workers.

It is recognised that it is the leader who is the union, to a great extent, at the present stage of the situation. When the leader disappears, it is almost impossible to find the group: a new group, with another shade of thinking, is easy to conjure up, under the enthusiasm of another leader—consisting of the same people. It is not claimed that the movement is completely intelligent, but the understanding of the problems is slowly growing.

L. T. Chen writing of the situation in Central China in May, 1927, says: "Notwithstanding their professions to the contrary, it is obvious that the Communists are not working without definite objects. Their denial of putting communism into practice is only for the time being. Whatever else they have in mind it is undeniable that they have definitely undertaken to create class consciousness and class hatred. This is necessary if the Marxian principles of class war are to be applied in China... And in this situation the real power resides with the Labourers' Union and the Farmers' League..."

Conviction of close observers of this situation would show that there was willingness on the part of many to use the methods and genius of the Communists as they have been demonstrated elewhere, but that the economic theories were not either understood by the majority, nor was there any real adherence to them. Whatever personal reaction there is concerning such teaching, there remains with competent observers a sense of vitality and vigour and willingness to suffer on the part of the proponents of the radical cause.

It is obvious that there is being much interest exhibited in the matter of the rise of labour in China by other countries in the world. The Russian interest and help is notorious, though what the full extent of this is, is difficult to judge. But other hands are being held out. In June, 1926, the British Independent Labour Party sent to China Colonel L'Estrange Malone, who made investigations, and published two pamphlets as from the I. L. P. in England. This is one of the first approaches by other than Communist groups. This group has in England during this year organised a "Hands Off China" campaign. In May, 1927, there came to China an International Delegation. This was a group of radical thinking—Tom Mann, aged fighter of revolutionary causes, 72 years of age—from Britain: Doriot, Deputy in the French House: Earl Browder, from the U. S. A. Their visit was of some weeks' duration. In addition, there met in China in June, 1927, a group of delegates from Pacific Countries to a Pan-Pacific Labour Conference. The idea emanated from Australia, from the Trades and Labour Council of New South Wales. An effort was made to hold the first such conference in Australia in 1926, but the time and money needed for the coming of the delegates was not

sufficient and it was decided to call it in Canton in May, 1927. Seven men from Russia, a delegation from the Central Council of Trade Unions of the USSR, came; they belonged some to Russia itself, some to Siberia. British, American, Korean and Japanese, French and Java representatives came. It will thus be seen that one section of labour organisation in China leans toward the Third International and its thinking. In parts of the country where the more moderate element of labour is in control, it is to the more moderate workers of the world that appeal is being made.

The foregoing in some detail has been recorded in order that there shall be understood what is meant by the phrase "the Labour Movement in China." That it differs from the modern labour movement in England, in Europe, in America, in Japan, is obvious, and the differences can be plainly detected as the article is read, by any one who knows any of the movements named. What has to be conceded is that a movement of some kind is uprising, in which labourers have a share, if only in that they are being used by other forces: that though the country is largely illiterate, other methods than the use of the printed word are being used for dissemination of facts and stirring of feeling that though modern industry is confined to very few cities and modern industrial workers are few, the Chinese genius for organisation has exhibited itself in Canton, and Wuchang, and purely Chinese cities, in a surprising degree of organisation of domestic and small scale occupations... a recent news item from Canton tells of the celebration of the "vegetable and melon seller's union" and of the successful outcome of a strike, by holding a procession of fifty motor cars through the streets... The Chinese Labour Movement may not conform to any known type... But movement there is. And in what shall be its future lies one of the most interesting aspects of history-yet-to-be-made in this country.

Preparations Being Made for Washington Ball on February 22

Preparations practically have been completed for the annual observance of Washington's Birthday by the American community in Shanghai, the celebration to take the form of a ball as in previous years. The ball will be held at the Majestic Hotel on the evening of Wednesday, Feb. 22 and according to report of the General Committee, an attendance of 800 is expected. The charge will be $7.50 for each reservation and the date for closing the reservations has been set for February 20. The ball will be open to non-Americans but all applications for tickets must be through Americans, preferably members of the General Committee. Applications may be made to J. W. Baldwin, Treasurer, No. 17 A. Nanking Road.

The General and Sub-Committees having charge of the arrangements are as follows:

General Committee:—Chairman, E. S. Cunningham; vice-chairmen, W. E. Sauer and C.P. Holcomb: honorary treasurer, J. W. Baldwin; honorary secretary, Miss L. M. Wilkinson. Members, Milton D. Purdy, Stirling Fessenden, Col. H. C. Davis, Commander E. J. Foy, C. J. Spiker, N. F. Allman, C. D. Arthur, A. Bassett, Dr. W. H. Bolton, S. R. Brown, R. T. Bryan, Jr., Gardner Grane, Carl Crow, C. J. Doughty, F. F. Fairman, W. T. Findley, Geo. A. Fitch, C. C. Foulk, C. S. Franklin, C. H. French, H. Gulick, A. R. Hager, P. S. Hopkins, A. F. Kimball, S. C. Kingsbury, N. E. Lurton, V. G. Lyman, G. M. Neal, G. W. Phillio, J. S. Potter, J. B. Powell, F. J. Raven, H. D. Rodger, F. W. Schlobohm, A. E. Schumacher, Carl, Seitz, G. E. Sellett, Geo. E. Sokolsky, O. G. Steen, L. K. Taylor, N. A. Viloudaki, C. M. Wentworth and C. F. Wolsiffer.

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Decorations Committee:—Chairman L. K. Taylor, W. V. Dyson and J. D. Brooks.

Floor and Music Committee:—Chairman, C. S. Franklin, Gardner Crane, G. B. Enders, Carl Namacher, Kenneth Dabelstein and S. Schmidt.

Cloak, Automobile and Police Arrangements Committee:—Chairman, G. M. Neal, R. M. Jordan, D. E. Sauvie, F. X. Diniz, E. Nielssen and H. V. Bernard.

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Germany and the Import of Arms into China

(Translated from the "Bruecke", German Weekly of Shanghai.)

IN 1919 England, the United States, Spain, Portugal, Russia, Brazil, France and Japan signed a treaty prohibiting their citizens the import of arms into China and any deal in arms in China. Later on Holland, Belgium and Denmark signed the treaty while Italy declared her readiness to sign if contracts already made would be excluded. Germany and Czecho Slovakia have not signed the agreement.

In spite of the treaty the import of arms into China has never ceased and especially since the beginning of the past year the English language press of the Far East has continually pointed put that German vessels are importing large quantities of war material into China. In every case, however, investigations disclosed the fact that the war material came out of those stocks of war material which, according to the terms of the armistice Germany had to hand over to her neighbours. All of the war materials had passed Germany only in transit but nevertheless Chinese circles began to distrust the honesty of the German policy and the open hostility of Chinese officials became evident when some German vessels were held up in Shanghai for having arms on board. This led to decisions on the part of the German Government not to allow any war material to be exported to China or pass Germany in transit. Dealers in arms then had to find other ways in order to continue the very profitable business.

Recent Shipments

At the end of the past year the Norwegian steamer Skule from Oslo arrived in Tsingtao with 7273 cases of amunition. After safely discharging the cargo the steamer departed and the howl against Germany became furious. The *"Tsingtao Sphere"* for instance wrote: "We are not against it that Sun Chuan-fang and Chang Chun-chang are provided with arms but we protest that foreign firms and nations who maintain strict neutrality are sending the arms to China. Chinese merchants and people are always eager to boycott English and American firms as soon as any irresponsible person gives the word. Why, in the name of reason is the boycott not extended to these firms, especially when the Governments of these firms declare to the world that they prohibit the arms deals in China?"

That the point was directed against Germany was soon confirmed. On January 19th the *Kuomin News Agency* published the following declaration from Nanking.

With regard to various reports about a number of German firms, among them Siemssen and Carlowitz & Co, have imported a large consignment of arms on the Norwegian steamer Skule from Germany and have handed them at the beginning of the month to Chang Tso-lin and Sun Chuan Fang, the Ministry of Foreign Affairs in a memorandum recommends that the military council, the marine headquarters is instructed to investigate these reports.

The Government recommends that, should the reports be confirmed, the navy and Customs authorities should seize the steamer and also seal the offices of the firms concerned as far as they are situated within the jurisdiction of the Nationalist Government. Foreigners as well as Chinese who are concerned in these illegal arms deals are to be arrested and to be delivered to the proper authorities for punishment on the charge of treason and rebellion. The German and Norwegian consular authorities are to be asked to warn their nationals not to commit further violations of the laws so as to continue the good relations between China and governments of the nations concerned.

The reports, which the Ministry has received, are the following:

The Peking Government has given orders to several German firms in Tientsin, Tsinan and Tsingtao to purchase arms and ammunition to the amount of 5 million dollars. According to this contract a transport of arms from Germany arrived on the Norwegian steamer Skule in Tsingtao on January 1st, were discharged by agents of the firm of Carlowitz & Co and delivered to the representatives of the different Fengtien armies who had been waiting at Tsingtao for the arms. The first Fengtien army corps received 2278 cases, the second Fengtien army corps 4075 and the third 993 cases."

The Praga Incident

When the storm aroused by the publication of the facts had scarcely abated, news arrived from Manila that the steamer "Praga" flying the Czecho-Slovakian flag, but with a German captain and German crew had arrived with arms for Chang Tso-lin. The steamer which belonged to a German company

Naval Parity Between U. S. and England

BY WILLIAM HOWARD GARDINER

(In Harpers Magazine for January)

THE Three-Power Naval Conference at Geneva last summer furnished apparently an instance of how truth may come out during golf; for it is credibly reported that on the links a delightful English country gentleman asked another delegate, "Are you Americans really going to stand out for this parity business?" And upon receiving an unequivocal affirmation, he exclaimed, "Oh! I say! What a bore!"

Such seeming lack of appreciation of a basic American stipulation is difficult to understand, not only after the Washington Conference but after American and British civil and naval representatives had sat side by side vis-a-vis Continental contentions at Geneva during more than a hundred sessions of the League of Nation's Preparatory Commission for Disarmament between May 1926 and April 1927. For those discussions, and others naturally collateral to them, constituted in effect a year of excellent preparation and explicit mutual understandings preliminary to the Three-Power Conference.

But if we are to form a worth-while conception of why this conference failed—and of the consequent outlook—we should examine first some differences and similarities of conditions, views, and aims in England and America.

When addressing the House of Commons on July 28 about the Geneva Conference then in session, Sir Austen Chamberlain, Britain's Foreign Secretary, quoted the following words with the comment that "this is a statement of Britain's case with which no Briton would quarrel, made by an American. . ."

The people of Great Britain depend and must depend, upon the outside world. Their dependency is for food; it is for clothing; it is for structural materials; it is for fuel and especially fuel oil. Great Britain must maintain open to her ships the lanes of the sea. To do this Great Britain must have naval bases, and Great Britain, more than the United States, is in need of types of ships such as cruisers that are swift and of widest radius of action. Great Britain must pay attention to the reserve supply of fuel oil, to materials of all kinds, in a manner that the United States does not need to consider.

Stop the lanes of the sea to the ships of Great Britain and suffering would be brought to the people of the British Isles within a period of week's, and collapse of the British Navy as a fighting force would be a matter of days.

Turn to the United States. Our country could be cut off from the rest of the world and there would be food for our people, there would be fuel oil for our use, there would be materials of all kinds for our fabrication. The lanes of the sea might be closed to us for week's or for years should the necessity arise. The United States within her own territory could sustain her own people without suffering, and could produce the materials to meet whatever emergency naval necessities might require in resumption of active naval warfare for the protection of the interest and dignity and honor of our country.

Also when Mr. W. C. Bridgeman, First Lord of the Admiralty and chief of the British delegation to Geneva, made his final speech at the conference on August 4 in defense of their position, he quoted the last two paragraphs of the above remarks, saying that "no one could have put the case more clearly than did Mr. French." For if we turn to the Congressional Record of January 4, 1927, we find that this quotation is from a speech that day by Congressman Burton L. French, of Moscow, Idaho, the Chairman of the House of Representatives Committee on Naval Appropriations, whereby he had introduced and supposedly supported the bill for this year's appropriation for the United States Navy.

While Mr. French's outline of England's case has received such high indorsement, there is room to question his portrayal of his own country's situation. For instance, ex-Secretary of Commerce Redfield's book, *Dependent America*, lists over two dozen different kinds of materials absolutely essential for the conduct even of so-called "defensive" warfare in the United States that must be imported from overseas. "This means," as an army officer put it to the present writer, "that the Army could not long defend the country if the Navy were to fail to keep open our lines of transoceanic communication."

It is well known that about two-thirds of the food consumed in the British Isles must be imported at a yearly cost of nearly $2,500,000,000. But it should be similarly recognized that, according to figures obtained from the Department of Commerce, the total imports of foodstuffs into the United States proper in 1926 exceeded $1,160,000,000, while exports of them were little more than $894,000,000, showing a food deficit of $266,000,000. And this is an increasing trend.

Granted that England's industries are absolutely dependent on imports of such crude materials as cotton, wool, and iron ores, it is common knowledge that the great American automobile and canning industries are similarly dependent on rubber and tin from Malaya. But the situation in the American steel industry—which produces over half the world's supply—is basically much more important. For virtually every steel rail and beam and machine contains essential manganese, imported of necessity from South America or Russia or India—and that is but one of some forty commodities needed in American steel making which come from fifty-seven other countries. Without many of them the steel industry would be practically paralyzed. And yet that is exactly what would happen if these supplies from across the oceans were cut off in time of war when, of all times, steel is of the most importance.

II

Such considerations are merely illustrative of many others that long since brought about the conception that North America, rather than being a self-sufficient continent, has taken on the characteristics and concerns of a great, midoceanic island, increasingly dependent on overseas economic and political conditions and upon the conduct and control of transoceanic traffic and communications of all kinds—a point of view specifically cited by American delegates at the Three-Power Naval Conference.

The moment we look on America and England as two industrialized islands, differing mainly in extent and position, similarities in their foreign or—more properly – external trades take on new significances. For the total external commerce of the United States in 1926 was more than $9,660,000,000, while that of the United Kingdom was not $150,000,000 greater, although American exports amounted virtually to $5,000,000,000, while those of the British Isles were less than $3,800,000,000. But curiously enough, American manufactured export of $2,600,000,000 are within $400,000,000 of those of the British, and whereas British industry depends on imported crude materials costing about $2,000,000,000 a year, American industry is likewise dependent on essential imports that already amount to nearly $1,800,000,000.

The rub in this situation arises, however, from the fact that the United States and the United Kingdom are buying many of their necessary supplies in competition with each other and are selling most of their manufactured exports to the less industrialized areas of the world, again in competition with each other. And as the prosperity of each at home depends in large measure on success in this colossal and worldwide rivalry for supplies and markets, the English saying that "the history of civilzation is the history of transport" suggests shipping and its control as the critical and

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and originally was named "Hedwig Fischer" had been loaded with arms in Hamburg and afterwards changed the flag in order to continue the voyage as a Czecho-Slovakian ship. After having coaled in Manila it steered northward and reached Tsingtao after an encounter with a Cantonese gunboat.

This new arrival will undoubtedly give rise to further complications between Germany and the Nationalist Government. But one thing we must emphasize: It is utterly wrong to reproach Germany because Czecho-Slovakia has by treaty the right to unhindered transit through her own free port at Hamburg. The German Government is powerless to interfere. Equally powerless is the German Government also against her own firms in China with regard to illegal arms deals as she no longer enjoys jurisdiction over them in China. We are authorized to state that the representative of the German Government have not left their citizens in China in any doubt that no protection would ever be extended them if trouble arose in connection with arms deals. Only recently 10 carloads of arms for China were stopped in Kiel and not permitted to proceed. The reproaches directed against Germany are surely unjustified but there is no doubt that the relations between Germany and China are suffering and apt to cause irreparable damage to the legal German trade.

What can be done to prevent the danger?

This is a task for the German Chamber of Commerce. Unfortunately we have never heard that this institution has done anything in this matter. Somebody of the Chamber once said: We represent the German interest as 90% of the German interest is commercial. The public will scarcely contend with this kind of representation.

We have continually drawn attention to the danger which are bound to result out of these arms deals for the good relations between Germany and China and we expect that the Chamber of Commerce will do something in the matter in case it should be late it could happen, that the boycott which the Tsingtao paper mentions would hit guilty and not guilty firms. The German Government will have to consider measures to counteract the dealings which are so openly against the interest and dignity of the Reich.

Shanghai
Feb. 6, 1928

Translation by
Walter Bernhardt

determining factor.

There are some curious differences between British and American seaborne traffic. As the British Isles are not large and enjoy extraordinarily good railroad facilities, their coastwise trade is quite negligible; and as about a third of their external commerce is merely across the Channel and North Sea, their total outside the "narrow seas" does not amount to $7,000,000,000. On the other hand, apart from inland commerce with Canada and Mexico, the external trade of the United States carried on the high seas and across the oceans is every much in excess of $8,000,000,000—of which about $3,000,000,000 is under the American flag. And in addition to this, the open-seas coastwise commerce of the United States, plying in American ships along the 6500 miles from Maine, through the Panama Canal, to the State of Washington, and exposed in the event of war, is worth about $11,000,000. So the total deep-sea trade of the United States is very much over $19,000,000,000 and about $14,000,000,000 of it is under the American flag. Needless to say, American transoceanic trade flows to all parts of the world to which that of England goes. But its safeguarding is much more difficult because the United States lacks such numerous and strategically placed bases as Britain has.

The problems of trade, shipping, and naval control that underlay the Geneva Conference will appear in a much clearer light if we have in mind the proven principles of sea power.

Sea power arises not from navies but from the desires of peoples to interchange the products of diverse lands. Conducting such exchanges calls commensurate shipping power into being and leads to overseas interests. Safeguarding and fostering these, policing the seas in peace, and controlling the use of the seas in war call for naval power. The purpose of sea power is not merely to exercise "command of the sea." It is first to enable and then to control transportation overseas of ideas, persons, and materials—and this for the effects these may have in transmaritime lands, such as in developing them, in fostering foreign trade for home profit, or in compelling peace. And, naturally, whatever people exercises these functions on the seas preponderantly can divert traffic proportionately as it will and impress its influences actively on those peoples who lack effective means of expressing themselves across the seas and must, therefore, be relatively passive—not to say submissive.

Since the first Tudor sought overseas outlets for homespuns, every step in the evolution of England has illustrated this interrelation; trade; colonies to develop countries and, therefore, trade; conquests, sometimes reluctant, but undertaken that trade might flow, and all this calling for shipping transport and for naval power to safeguard on the seas, to reduce rivals and, on occasion, to open markets. Thus, when mighty Spain claimed the oceans and all the lands beyond, the question was settled by the defeat of the Armada and the way was opened for founding the American Colonies. When the industrious Dutch virtually monopolized the resultant colonial traffic, and thus skimmed the cream of profit from their trade, three Anglo-Dutch wars reduced Holland to a vassal sea power. Then the brilliant France of Louis XIV made her bid for overseas dominion, starting in 1688 the series of seven Anglo-French wars that ended in the downfall of Napoleon in 1815 and the elimination of France as a rival on the seas. And finally when, in our day, Germany sought to become a real rival in world trade, France, Russia, Italy, and others were arrayed to check the Teutonic allies on land while England's principal concern was the destruction of the German power at sea—a task in which America exercised the conclusive balance of power with academic naivete.

With this record it is almost startling to have word go out from England in many directions that the United States may be looked on not as a big brother in the English-speaking world, but as the Prussia of the future. This supports those who jump to the conclusion that, as the United States is now England's equal in world trade, preparation for coming contest accounts for the positive position recently taken by British navalists at Geneva. But such simple deduction overlooks many present factors, prominent among which is the prospect, clearly seen in England, that Anglo-American duel would disrupt the British Empire and, therefore, permanently reduce England's influence not only in the world at large but in Europe where it is of primary home importance.

Another oversight comes from crude consideration of all nations as either "friendly" or "enemy." No middle ground is allowed between a hypothetical sisterly amity in peace and deadly enmity in war. This is the kind of thought that sees no reason for maintaining armaments against powers nominally "friendly" and with whom there is not impending prospect of war. For such psychology overlooks rivalries that must continue among the powers so long as peoples, as well as persons, persist in struggling for particularistic prosperity—rivalries that give rise to the manifold pressure of diverse sorts which the powers are constantly exerting in their peace—time competitions. It is a game in which there are many suits such as appeals to precedent and prior position, permutations in political alignment, economic pressures, and so forth. But back of all of them are the potentialities of power, of force; for in the final play armaments are the trumps of international politics that the experienced have ever in mind. Nor need they necessarily be considered as threatening war; for real statecraft is much more likely to design them so that their potentialities would assure security, and other desired ends, *without having to fight*—a traditional British use of naval power, departure from which has preceded war.

Recent reorientations in Eastern Asia, and elsewhere, illustrate aspects of all this. As England had been mentor to Japan for decades, appropriate consideration has had to be given of late years to the complacence with which a numerically small but very powerful group of English bankers, merchants, and ship owners, and their politicians, have looked on the possibility of war between Japan and the United States. To their way of thinking, such a war would allow England, while remaining neutral, to regain unquestionable primacy in the world, whereupon she could capitalize peace clamor to call a conference at which she could exercise the balance of power to settle the outcome as she might desire, and without having to fire a shot; for back of her every move as a neutral would be the power of the British Navy to aid either belligerent in bringing the other to terms.

But times changed. On top of disastrous earthquakes and economic depression at home, Japan now finds herself confronted with the most menacing situation in Eastern Asia since her war of 1904 with Russia. Scanning the world map of might seems to have raised question as to whether Britain or America would exercise the actual balance of power in the Pacific. A not unfriendly America was certainly to be desired. And at the psychological moment the American Congress revolted against former fatuous fancies and started rehabilitating the United States Navy. It would have been unlike the realistic Japanese not to recognize the recrudescence of Yankee common sense. Need more be said as to peacetime functioning of force in statecraft or as to the consequent position of England?

But such important effects of naval power in peace do not follow from the popular misconception that a navy's task is merely "to sink the enemy's fleet." For the main object of belligerent naval operations is to aid in causing collapse *in an enemy's country* by depriving him of the use of the sea while parrying similar offensive efforts on his part. Naturally the aim will be to deprive him of the use of whatever sea area is most vital.

The resulting operations between capital fleets, as in a great battle, may captivate public attention and be acclaimed as a conclusive victory. But to the initiated such combats are merely preliminaries to establishing "command" over critical areas *so as thereupon* to exercise effective "control" over their use as well as over the use of other sea areas; and such "control" is the ultimate naval operation proper toward the success of which all others look.

As may have been inferred, these operations of "command" and "control" call for two major and quite distinct divisions in a country's naval forces: the concentrated battle fleet, comprising virtually all types of vessels and aircraft, and, in addition, the "control force," composed of cruisers and minor vessels and aircraft capable of more or less long-distance, isolated, and widely dispersed operations incident to establishing comprehensive "control" over the use of the seas—ultimately in an enemy's critical area, denying him sea communications of any kind and thus compelling his collapse ashore.

IV

In the broadest terms, the situation underlying naval differences at Geneva is somewhat as follows: The one hundred and twenty million people in the United States and the forty and odd millions in the United Kingdom are similarly dependent for home defense on essential military supplies from overseas; both peoples import more food than they export, although America is not yet nearly as dependent in this respect; both depend about equally on imported crude materials necessary for current industry, bought largely in competition with each other, both sell exported manufactures to about the same value in the competitive markets of the world; and in this world-wide rivalry for materials and markets transport is the factor essential to success, the total tonnage of British salt-water shipping being about one and a half times that of the United States, while the value of American deep-sea trade is much more than twice that of the British Isles.

The world being as it is instead of as some would idealize it, it is generally admitted that such dependence on seaborne commerce justifies Britain in having adequate naval power—that is, enough capital ships and their auxiliaries, organized as a battle fleet, to defend the critical areas of her maritime traffic and, in addition, enough cruisers and other auxiliaries to

protect her far-flung trade on all the seas. And needless to say, these give her power to secure command over critical sea areas vital to many other nations and also cruising forces capable of effectively controlling the use of the seas by others. But the United States being so similarly circumstanced, it seems difficult to see why there should not be equally ready recognition that we likewise need naval power proportional to our maritime interests and dependence on overseas traffic.

It is no mere surmise that recognition of this was prominent among the considerations that led the United States to undertake a great capital-ship building program, to be followed by auxiliaries, which was about two-thirds completed when the Honorable Charles E. Hughes first entered international affairs as Secretary of State and soon became the central figure at the Washington Conference.

There he agreed to the destruction of eleven out of the fifteen great American capital ships being built in exchange for merely nominal parity with the British in such vessels, as well as in aircraft carriers, and a five to three ratio in them with the Japanese. But at the same time he failed to get any definite agreement limiting any nation from building as many cruisers and other auxiliaries as it might choose. And yet, when Mr. Hughes finally brought his Naval Treaty before the last plenary session of the Washington Conference, he characteristically said, "This Treaty ends, absolutely ends, the race in competitive naval armaments."

Of course it did nothing of the kind; for it soon became perfectly patent that the British and Japanese intended, in effect, to put into cruiser and other auxiliary construction the moneys Mr. Hughes' Naval Treaty had saved them from having to spend in building capital ships. So when five years later President Coolidge called the Three-Power Naval Conference, the Japanese had a greater tonnage of modern cruisers built and building than had the United States, and the British had about three times as great a volume.

Under these circumstances the Japanese at Geneva naturally proposed that the *status quo* as to auxiliaries be crystallized in a treaty; and they acted earnestly and very helpfully throughout the Conference to bring about any agreement that would minimize naval construction. For their economic situation is such that whatever more moneys they may have to spend on their navy will have to be deducted from army appropriations in the face of the serious state of affairs in Northeastern Asia.

Equally naturally the American proposal aimed to carry out President Coolidge's purpose in calling the conference to extend to cruisers, destroyers, and submarines the 5-5-3 ratio already established for capital ships. For instance, 300,000 tons of modern cruisers was proposed as sufficient for the United States and for the British Empire, each being at liberty to distribute that tonnage as might seem best in cruisers of from 3,000 to 10,000 tons.

At this point it should be clearly realized that months before the Conference convened, and collaterally to Anglo-American co-operation in the League of Nations Preparatory Commission for Disarmament, the British had expressed understanding of why the United States could not be expected to agree to reduction of the maximum size of battleships below 35,000 tons, to the reduction of maximum size of most of her future cruisers below 10,000 tons, or to the reduction of the maximum allowable caliber of their guns below 8 inches. And the Americans came away from these conversations with an equally explicit understanding that the British then saw no need whatsoever of building their own cruiser fleet up to more than 400,000 tons. Nor had there been objection expressed to the United States having a like tonnage. And yet, at the opening of the Three Power Conference, the British proposed, among other things, that the size of all future capital ships be reduced below 30,000 tons and that cruisers be limited to 7,500 tons in size and mount guns of not over 6-inch caliber—except, as was later developed, that the United States might be allowed to catch up with the fourteen larger 8-inch gun cruisers the British are building.

V

In support of their proposals the British laid primary emphasis on the economies to be expected from building and operating smaller ships such as 7,500-ton cruisers instead of 10,000 tonners—economies *per vessel* that could not amount to a quarter of the total expense. But at the same time they insisted they should have about 70 cruisers aggregating over 500,000 tons; and they seemed curiously blind to the fact that by thus exceeding the American proposal of 300,000 tons by 200,000 more, they would add two-thirds to the fleet costs, whether in small or large cruisers.

Another point on which they dwelt at length was that cruisers of 7,500 tons or less and armed with but 6-inch guns are manifestly only for so-called "defensive" purposes and virtually incapable of "offense" while they alleged 10,000-ton cruisers with 8-inch guns were being advocated by the Americans with obviously aggressive intent. But when arguing that they more than any other nation needed great numbers of cruisers, the British recalled that they used over a hundred vessels in one way or another before they could end the dramatically aggressive career of the German cruiser *Emden* which had captured over a score of British merchantmen in three months and almost paralyzed shipping in the Indian Ocean. It was a very telling illustration until an American pointed out the well-known fact that the tonnage of the *Emden* was only 3,592 and that the caliber of her heaviest guns was only 4.1 inches—whereupon the British contention that 7,500-ton, 6-inch gun cruisers are purely "defensive" vessels blew up.

It would be superfluous to extend here the narrative of such technical differences; for in view of what has been said about the principles of naval warfare, we can come directly to the main points.

Real parity calls for equality of naval power to support national policies and to safeguard interests wherever they may be. Equality in aggregate tonnages or in numbers of vessels in various classes are merely more or less accurate indices neither of which, of itself, takes into consideration the no less important factor of geography—regarding which Napoleon said that "war is an affair of position."

As the British have strategically placed bases in many parts of the world, they can use effectively smaller vessels of comparatively short steaming radius. But as the United States has few such bases, American ships must have longer radii because they have to cross the oceans in order to reach areas in which they may then have to operate far from any repair facilities. This means that in addition to tonnage for maximum fuel capacity, they must have every permissible ton to help float as sturdy defensive construction as possible. As has been intimated, the British had all this from the Americans during the League of Nations Preparatory Commission sessions many months before the Three-Power Conference convened. Consequently, the British attempt to reduce tonnages of capital ships and cruisers may be looked on as a plan virtually to restrict American naval power to short distances from home while the British, because of their many bases, would continue to have actually paramount naval power throughout the world.

Their attempt to reduce the caliber of guns allowable on cruisers to that permitted merchant ships was equally ingenious. This would minimize to the vanishing point the capacity of cruisers to dominate and control great armed merchantmen. Thus, while naval cruiser fleets might be on a parity with each other, whichever nation has the greatest number of fast merchant ships could arm them and dominate. The British have nearly 950,000 tons of such ships with a speed of 17.5 knots or more, to less than 180,000 tons under the American flag—a ratio of 5 to 26 instead of parity. And the corollary to this is that, if naval limitation were to be carried to its logical conclusion and all navies abolished, the result would not be "the freedom of the seas" but, on the contrary, easier control of their use by the power possessing the largest fleet of fast, armable merchantmen.

It was something of a surprise that the British made such moves at Geneva in the hope of getting a treaty which would definitely fix the United States in a position of actual naval inferiority although perhaps allowing us a semblance of statistical parity. But as American friendship is incomparable more important to the scattered British world than is English friendship to our mighty concentration, it was astonishing that the British were willing to strain Anglo-American amity so severely in an effort to get such a treaty.

There are, however, two considerations that may account in large measure for the British course. The first is that they realize far better than many Americans the international rivalry in buying crude materials and in selling manufactures —and that the control of seaborne traffic is the determining factor in this competition. The other is more specific, for the Washington Naval Treaty provides that the United States must call a Conference of the powers party to it in 1931 to reconsider its provisions, and also that if any one subscriber to it denounces it in or after 1934, then the Naval Treaty shall expire two years after such denunciation.

At the moment there seems to be no doubt whatsoever but that France and Italy will denounce the Naval Treaty at the end of 1934; and if there be any question as to this, it would be abandoned if they ever learn how their relative allotments were really reached in formulating that treaty. And, furthermore, knowledge of what actually took place leads to the conclusion that if the American Senate and people ever learn how that treaty was put over on them they will insist on its being ended as soon as possible.

During the next Presidential term we shall have to go through another Washington Conference with the prospect of having the Naval Treaty lapse in 1936—a period during which it will be of the utmost importance to the United States to have only sound and understanding power. With this prospect we may well conclude this outline by considering some vital steps to be taken between now and 1936.

VI

Aside from treaty ratios, our Navy should be not merely likely to win in war, but so manifestly able to uphold our policies and to safeguard our world-wide interests that war

against them will not occur, and that thus our well-being and security will be assured both at home and abroad. We may fairly estimate whether it is up to such a standard by the actual and relative status of its cruisers, the most important type of vessel not limited by treaty.

Of cruisers less than twenty years old, the United States has ten completed that mount 6-inch guns and total 66,000 standard tons, has laid the keels of two 10,000-tonners to mount 8-inch guns, and is preparing to begin to build six more of the latter type.

In contrast, the British have fifty cruisers that mount guns of less than 8-inch caliber and are building thirteen of 10,000 tons and one 8,000-tonner, all to mount 8-inch guns. Considering only these latter and the trend of the announced British building program, the prospect is that when the Naval Treaty expires in 1936 they will have between thirty-four and thirty-seven 8-inch gun cruisers complete.

As we have only eight 8-inch gun cruisers nominally started, it seems as though the United States must lay down five more each year during the next five years if we are to attain virtual parity with the British in such vessels before the Treaty expires. It should be realized, however, that such a program will not make up the lead the British have in cruisers mounting guns of less than 6-inch caliber. For in 1936 the British will still have thirty-four such ships not over twenty years old and aggregating over 175,000 tons to our ten totalling but 66,000 tons.

In the years immediately ahead, there will be calls for aircraft carriers, submarines, and the first five "replacement" capital ships specified in the Naval Treaty, as well as for cruisers. All of this is likely to increase the annual cost of naval construction during the next five years by about $135,000,000 over what it has been held down to during the last five years. On the other hand, Treasury surpluses have averaged over $415,000,000 during the last five years, and the annual interest charge on account of the national debt has been reduced by over $300,000,000 since President Coolidge has been in the White House. With such tangible results from his financial policy, expense does not seem to be an insuperable obstacle to bringing the Navy virtually up to parity before the Naval Treaty expires.

Some seem to believe that the expansion of the British Navy will be greatly curtailed if and when a Liberal or Labor Government replaces the present Tory one. But unfortunately for this hope, the last Labor Government was the very one that recommended and authorized, in February, 1924, the first 10,000-ton, 8-inch gun cruiser in the world and laid her keel the following September.

The present writer is one of the many Americans who believe most sincerely that Britain and America should face side by side certain world problems far more important to England than those that led English particularism to bring about the recent envisagement of each other at Geneva. The futility of this latter, and the value of American support, would be apparent if the English in general, and their Tories in particular, were to form some more approximate appreciation of the fact that on the American side of the Atlantic has developed a social-economic organism in most important respects quite comparable to that of all non-Russian Europe together—and that this body politic in midoceanic, insular America has overseas interests and outlooks many of which are very similar to those of England.

But perhaps a still brighter prospect of mutual understanding is suggested by history; for the westward trend has reset the stage as three hundred years ago. It is for England to avoid such mercantile mistakes as Holland made in the first half of the seventeenth century and for America to avoid maritime mistakes such as James I and Charles I made for Cromwell and Charles II to correct. Public support of shipping and naval policies resulting from appreciation in America of these analogies probably promises more than anything else to lead England to accept parity cordially rather than force America to become a sea power commensurate to our capacity—somewhat as Holland did England.

In this connection the following excerpt from President Coolidge's last Memorial Day Address is a pertinent statement of public policy, especially as it was made only three weeks before the Three-Power Naval Conference convened:

"If we are sincere in our expressed determination to maintain tranquillity at home and peace abroad, we must not neglect to lay our course in accordance with the ascertained facts of life. Unless we maintain sufficient forces to be placed at points of peril when they arise, thereby avoiding for the most part serious attack, there would be grave danger that we should suffer from violent outbreaks, so destroying our rights and compromising our honor that war would become inevitable. It is to protect ourselves from such danger that we maintain our national defense. Under this policy it is perfectly apparent that our forces are dedicated solely to the preservation of peace.

How They Win and Lose on the Chinese Stock and Bond Exchange

BY B. Y. LEE

THE Shanghai Chinese stock market as it exists to-day is not a speculative institution, but rather an investment institution for stocks and a greater percentage of bonds which can be neither sold or bought in an organized exchange on margins. When we have heard that a certain person has made a fortune on the stock exchange, we naturally suppose that that person has been successful in operating stocks similar to methods in vogue on the New York or the London Exchanges. This may not be true. Very likely that person has made his fortune in a speculative exchange, such as the Chinese Cotton Goods Exchange or the Gold Bar Exchange, which are the largest gambling centers in the Orient. The Chinese stock market in Shanghai and in China as well does not exist in any particular place except in the minds of brokers and buyers and sellers. The reasons why people do not enthusiastically patronize this market are many. Few foreigners care much about Chinese stocks and bonds and think they are not safe in spite of the fact the returns from them are much higher than from foreign managed enterprises.

These stocks and bonds are entirely Chinese affairs; in some cases the by-laws and constitution of many Chinese managed industrial enterprises forbid foreigners to be shareholders. A person must be able to read or at least able to speak Chinese before he should invest money in Chinese concerns for the date of shareholders' meeting, records of the procedures, amount of dividends, and so on are announced in the local Chinese dailies. Besides, the shares and bonds are almost exclusively handled through Chinese brokers. If a person takes pains to study the market for a considerable time, he is pretty sure to realize returns of from 12 to 20 percent per annum on money thus invested. This is the reason why so many Chinese banks are able to pay high interest rates of 10 to 12 percent on long time deposits,-because these bankers are experienced men and are in position to judge rightly the financial conditions of the Chinese concerns in which their money is invested. In the long run, an experienced investor will eventually reap more profits out of Chinese shares than in foreign concerns although the former may seem unsafe to the public.

Little Genuine Business

A few years ago the Chinese Stock and Bond Exchange at 45 Hankow Road did a considerable business in local shares, but recently this kind of business has ceased for reasons to be considered later. If any business is now transacted in the exchange, it is done unofficially only between the brokers. As there are no official quotations of local shares on the exchange, investors wishing to buy or to sell their holdings have to get brokers to act for them. There are ten so-called investment houses in Shanghai and many "money shops" which handle this kind of business. Often a holder of certain shares, who is ignorant of the stock market, puts an advertisement in local Chinese dailies or tells his friends he has certain shares for sale at a certain price. If any stock is sold or bought in this way, usually both buyer and seller suffer a loss due to ignorance of the real market price of that stock.

If an inexperienced investor should go to an investment house to buy a certain local stock, he may be informed at a few points higher than the actual market price of that stock. If he is an anxious buyer, he may pay what the broker ask him. He is thus likely to lose! The broker simply wants to find out what his customer would pay, then he goes out to find a seller. In this way he may get a much cheaper price than his customer has promised to pay. The difference, of course, is the broker's commission. Recently a greenhorn investor bought some shares of Nanyang Tobacco Company at $9.20 per share. A week later another man bought the same stock at $8.20 and at the same time men working in the factory could buy it at $7.50. To safeguard one's self, an investor before paying for his stock should ask his broker to guarantee that he will not have trouble in transferring his shares to his name from the company of which the shares are issued for oftentimes many shares have been advertised in local dailies as stolen or lost.

Some Local Share Experiences

Generally speaking, the average Chinese investor would pay certain price for certain stock depending upon the previous annual dividends disregarding the general financial conditions

of the concern. For instance, two years ago when the Wing On department store declared a 16 percent dividend, the shares of which were sold at $200 per share (the original share was $100) and now the dividends are said to be around 10 percent, then the present price of the share is around $150. If a company has not declared any dividends for many years, its shares may be unsaleable. Take the Dah Sung Cotton Mills in Nantungchow for instance. In 1920 when the cotton mill industry was prosperous, the shares of these mills were sold at Tls. 350, but now the same can not be sold even at Tls. 30 for no dividends have been declared for many years in spite of the fact the total assets of the mills are far greater than the total present market price of their shares.

Generally speaking, practically all kinds of stocks become cheap before the Chinese New Year for the money market is generally tight during the holidays. Small shareholders have diffienlty in getting bankers to advance loans or mortgages at this time even though they are willing to pay high interest rates up to 15 or 20 percent. After the New Year holidays the price of all stocks gradually advance and the top price usually is reached at about the end of March when most companies declare annual dividends. During March most companies complete their annual balance sheets for the previous year, at which time more buyers appear in the market.

Stocks Now at Low Level

At present practically all kinds of Chinese stocks have reached their lowest level on account of the continuous civil war. The shares of Nanyang Tobacco Company can be bought at around $8, but two years ago they were sold at $20. The shares of the Commercial Press are sold at $110 against $200 two years ago. Although the price of various stocks are low, one can not buy too much in the market for the sellers are few in number.

There are many reasons why the stock market is not popularly patronized. A majority of Chinese concerns are in partnership the nature of which is entirely unknown to the public. Only during recent years have business corporations been organized. The most well known ones are: The Sincere, the Wing On, The Sun Sun, the Commercial Press, the Nanyang Tobacco Company, the China Merchants' Steamship Company, many cotton mills, banks, such as the Bank of China, and so on. A majority of the shareholders of these companies are rich men or ex-officials who do not sell their holdings as a rule no matter what the financial conditions of the companies are.

Old Style Bookkeeping a Handicap

Old style bookkeeping is another great obstacle which has prevented investors from buying stocks freely. Many so-called modern business houses have not yet installed up-to-date methods of bookkeeping, and the consequences are that the actual financial conditions are either entirely unknown or only partially known to outsiders. Of course the inside men know the actual conditions, and for this reason a successful investor has to follow when an inside man or a large shareholder of a company buys or sells. Many enterprises do not keep enough reserve funds to carry the business over when a bad time comes. Speculative buying of raw material is prevalent among many factory purchasers. A few months or even half year's raw material supply may be bought at once, and should the price of that material be advanced considerably, then the factory may make an enormous profit. Should the market price of the raw material thus purchased drop the factory may go bankrupt. On account of these conditions an investor must assume a great risk over which he himself has no control. An investor may ask himself this question: "Why should I let someone else speculate with my money? Why should I myself not do some speculating?" If he has such ideas, he naturally would speculate but not invest his money in stocks.

Speculation in Government Bonds

As most Chinese managed enterprises do not issue bonds, the only bonds sold in the market are government bonds and a small percentage of municipal or provincial bonds. The former is either for speculation or investment. The recent rise of the 2 & 1/2 percent bonds issued by the Nationalist Government has created a great deal of interest. The bonds are guaranteed by the Customs surtax and are issued at 98. Beginning from July 1927 one thirtieth of the principle is to be redeemed and the bonds bear 7 percent interest per month. The holders of the bonds are mostly rich men, but they have little confidence in the Nationalist Government. Recently some of the holders of the bonds sold their holdings at about 45 per 100. Since then the price has steadily advanced and at the beginning of January when Mr. T. V. Soong became Finance Minister, the price has advanced $15. in 10 days. The reason is that the public has confidence in both the new minister and the government. This has shown how the public has been suddenly influenced by a new move. A little knowledge of this kind may enable one to make a fortune.

The market for the government bonds has been more or lsse speculative for the total amount of transaction of the bonds has been on the average around $200,000,000 a month. They are sold both on spot and futures at margins. The Chinese Stock and Bond Exchange is the center in which both the buyers and sellers meet. $5,000 on face value is a unit of transaction with a commision of about $10. The margin money for $5,000 bond is $400 cash plus $400 worth of negotiable stocks. The advance or a drop in the bonds is a most exciting period depending of course upon the political conditions in Peking. Take the 7th year bonds as per example. The price of this bond was sold at $85 per 100 in the latter part of 1926, and when the civil war broke out, it declined gradually until August last year it dropped to 32 on account of the artificially created rumors that the Nationalist Government was going to cancel all the bonds issued by the Peking Government. Since last September this issue has advanced again and now it is quoted at 72 after deducting Tls. 3 interest. If one has had enough courage to buy it, he would have made about 150 percent profit. The following shows the high and low price of this bond during 1927:

7th year Ch. Govern. bond	High	Low
Jan. 1927	69.90	66.00
Feb	64.50	60.80
March	64.00	56.20
April	61.70	59.30
May	61.50	57.50
June	56.50	44.50
July	48.30	38.00
August	49.00	32.00
Sept	51.30	39.50
Oct	52.50	44.20
Nov	62.00	54.50
Dec	64.00	61.10
Jan. 1928	65.00	75.00

The Futility of the Arms Embargo

BY J. A. J.

THE case of the Czecho-Slovakian steamer "Praga" and recent heavy shipments of fire arms and ammunitions to China have raised a hue and cry in the diplomatic quarters of Peking and the opinion among foreigners who have the welfare of China at heart—in which opinion educated Chinese join—is that the time has come to have the present loose Arms Embargo replaced by some agreement more binding not only among the original signatories but among all the foreign Powers having direct or indirect relations with China. Experts calculate that during last year more than a hundred millions (Mex) worth of arms poured into China from foreign countries. It needs no great degree of intelligence to figure out that every dollar's worth of such adds to the miseries and tribulations of the Chinese people. The money that has been wasted by the various military factions in the purchase of munitions etc from abroad during the past fifteen years could have been put to a thousand and one good uses, such as road construction, railroad building, educational development, farming expansion, hospital work, etc. But no! The all-mighty military crooks, quasi-bandits and selfstyled Dictators and Liberators must have their own way. Platitudes are uttered by this or that General in reference to fictitious apprehension and crocodile tears over the sufferings of the people but, as a matter of fact, no one in authority gives a continental for the welfare of the people. In Shantung alone, some 4,000,000 people in the border and near-border regions are in the grip of a famine, having to eat barks and roots of trees to keep body and soul together but the War Lord of the province has not done a single constructive thing for his territory.

In the spring of 1919, after three years of futile warfare between the North and the South, a "Peace Conference" was convened in Shanghai with the object of re-uniting the country. The Diplomatic Body in Peking was much interested in this convention and it was agreed among the representatives of the Allied Powers before the actual opening of the Shanghai Conference, that the importation and sale of munitions of war in China fostered feuds among the military leaders, and rendered it impossible for public opinion, which was decidedly opposed to internecine warfare, to assert itself. On April 8, 1919, the American Minister made the suggestion that the Powers put an embargo upon the export of arms to China and, after a month occupied in the exchanging of correspondence and the ratifying of an agreement, the following note, embodying the substance of the agreement, was forwarded by the Doyen of the Diplomatic Body to the Chinese Ministry of Foreign Affairs:

"The Diplomatic Body in considering the present state of disunion between the North and South in China, have been

impressed by the fact that the continued possibility of importing military arms and ammunition into the country from abroad could not but exercise a disturbing influence, and as the friendly Powers here represented are firmly determined to discountenance any condition or action which might favour a reversion to hostilities, I am desired by my colleagues to make the following communication to the Chinese Government.

"The Governments of Great Britain, Spain, Portugal, the United States, Russia, Brazil, France, and Japan, have agreed effectively to restrain their subjects and citizens from exporting to or importing into China arms and munitions of war and materials destined exclusively for their manufacture until the establishment of a Government whose authority is recognized throughout the whole country and also to prohibit during the above period the delivery of arms and munitions for which contracts have already been made but not executed.

"The representatives of the Netherlands, Denmark, Belgium and Italy are also in full accord with the above policy, but await the instructions of their respective Governments before announcing the adhesion of the latter."

The agreement was eventually endorsed by the Netherlands, Denmark, Belgium and Italy, the last with the reservation that shipment already contracted for and *en route* might be delivered. The final text of the Arms Embargo Agreement, which is essentially the same as the above dispatch to the Chinese Ministry of Foreign Affairs, is dated May 5, 1919, and is still in force, but the embargo was rendered grotesquely ineffective in three ways, viz.,

(a) By non-embargo Powers permitting their nationals to deal with the various factions in China in arms and ammunition;

(b) By the wholesale supply of arms and ammunition to various Chinese armies by the Soviet government, and

(c) By nationals of embargo-Powers resorting to subterfuges and *camouflage* tactics to get round the embargo.

As one authority has remarked, in the years since the embargo was brought into operation, it has been proved that interference at the point of shipment or manufacture is not practicable. Attention then is turned on the idea of preventing the landing of such cargoes in China, but here again enormous difficulties exist. China is a sovereign country and no foreign Power not at war with her may blockade Chinese ports or prevent the arrival of steamships in Chinese ports. Moreover, the case of the Czecho-Slovakian steamer "Praga" has shown that a vessel in transit to China, even though she may be loaded fully with arms and ammunition, may not be held up or restrained by another Power at whose port she touches for supplies (the "Praga" put into Manila under duress and after taking in a supply of coal etc. was permitted by the Manila Customs authorities to clear for Newchwang).

In recent weeks, several large shipments of firearms from Germany and Norway have landed at Tsingtao and other Northern ports and in each case the importing firm presented a "huchao" (permit) endorsed by the Customs Inspector General. The Customs has always permitted arms shipments to clear upon presentation of "huchaos." It, therefore, becomes clear that the embargo to be effective must have the full co-operation of the Chinese authorities, also that so long as Germany, Austria, Czecho-Slovakia, Norway, etc., etc., are not included as embargo-Powers, so long would it be futile to expect the embargo to accomplish any good. The embargo agreement states that the governments of Great Britain, Spain, Portugal, the United States, Brazil, France, Japan, the Netherlands, Belgium, and Italy "have agreed to restrain their subjects and citizens from exporting to or importing into China arms and munitions of war" but there is nothing to prevent the sale, say, by an American, British or Japanese firm of firearms to Liberians and for a Liberian firm to resell these arms to some Chinese general or other and have them shipped out to China in a Liberian steamer. Indeed, such things have been done.

The Soviet Government has supplied huge quantities of arms and ammunition to various Chinese armies. In 1926, the Soviet Government shipped out from Vladivostok, through the medium of the Soviet Commercial Fleet, the following to Canton:

7,000,000	German cartridges;
1,300,000	Russian cartridges;
1,200,000	Japanese cartridges;
8,200	Shells for 3 inch field guns;
8,000	Shells for mountain guns;
564,148	Artillery parts;
800	Poods of Gunpowder;
2	Arisaka guns;
7	three-inch mountain guns;
9	Rosenberg guns;
40	Bomb-throwers;
9	Aeroplanes;
10,000	Chemical shells;
6,000	Shells for Rosenberg guns;
103	Machine Guns.

Some of the Soviet supplies to Marshal Feng Yu-hsiang which have been traced are listed below:

24	Guns;
10	Trench Mortars;
90	Maxim guns;
21,970	Russian Rifles;
4,000	Japanese Rifles;
1,000	Swords;
500	Spears;
11,648	High Explosive Shells;
10,516	Shrapnel;
1,000	Shells for Trench Mortars;
17,931,781	Russian Cartridges;
2,000,600	German Cartridges;
499,100	Japanese Cartridges;
10,000	Hand Grenades.

As already said, nationals of embargo Powers have gotten around the embargo through subterfuges and *camouflage* tactics. It will be noticed that the embargo includes "materials destined exclusively for their (i. e. arms and munitions) manufacture." But British, American and Japanese firms have sold supplies of steel, copper and nickel to Chinese concerns representing the various arsenals and these materials have, of course, been turned into arms and munitions. Then, too, there are all sorts of electrical and other machinery that could be put to the manufacture of arms and munitions just as they could be put to the manufacture of anything alse. For example, during 1925-1926 the Arsenal at Mukden bought supplies and machinery through British, German, American and Japanese firms at Mukden on such a large scale, for the purpose of manufacturing arms and munitions that British labor leaders caused questions to be put in the British House of Commons as to "General" Frank A. Sutton's activities at Mukden. Shortly afterwards, "General" Sutton left for Canada where he was last reported as investing millions in various enterprises although when he first came to China he was, comparatively speaking, a man of modest if any means. Such is the scale of profit in the arms and munitions game! Mukden and Harbin are grand places for arms deals and it is said of any large social party given at one or other of the expensive cabarets that "So-and so has put it over on the General, it seems!"

From 1919 to 1928, the arms embargo,-well-meaning as the signatory Powers have been,-has functioned as effectively as King Canute's command to the waves to keep still! Clearly the time has come for a hard-and-fast agreement to replace the present embargo, and one that would embrace every Power in Europe and the Americas as well as Japan and any other Asiatic territory that is a potential violator of China's peace. Just as it stands, the embargo might just as well be thrown into the stove, for it is virtually grotesque to see some Powers attempting to stop their nationals to sell arms and munitions to the various Chinese factions when subjects and citizens of non-embargo Powers are free to enter into extensive transactions with this or that General who has not only the inclination but the money as well to pay for what he wants!

Mukden, Feb. 1, 1928

Shanghai's Exports to America for Last Year Show Decrease from 1926

Shanghai's exports of Chinese products to the United States for 1927 show a decrease of G.$9,264,922 from the figures for 1926 according to figures made public last week by E. S. Cunningham, U. S. Consul-General. America's purchases of Chinese products in Shanghai last year amounted to G.$51-339,245. The figures for 1926 were G.$60,604,167. The chief items showing decreases last year over the 1926 figures were raw silk which decreased from G.$29,155,324 for 1926 to G.$18,247,668 for 1927; wild silk from G.$3,516,725 for 1926 to G.$1,342,441 for 1927 and waste silk from G.$2,516,725 for 1926 to G.$743,865 for 1927. There was also a decrease in all classes of Chinese eggs and egg products exported last year from the 1926 figures, the totals being G.$2,818,502 for 1926 and G.$2,578,060 for 1927. The export of Chinese bristles showed an increase the figures being G.$537,591 for 1926 and G.$799,831 for 1927. Chinese raw cotton exported to America also increased last year over the previous year's figures, the amount for 1926 being G.$30,059 and G.$164,728 for 1927. The export of Chinese lace showed a decrease from G.$2,403,-655 for 1926 to G.$1,685,952 for 1927.

Shanghai's exports to the Phillipines in 1927 showed an increase of G.$436,723, the totals being G.$2,693,338 for 1926 and G.$3.130,061 for 1927. The exports from Shanghai to the Hawaiian Islands likewise showed an increase, the totals being G.$101,348 for 1927 against G.$65,765 for 1926.

"Britain Ready to Sweep Away the Unequal Treaties!

In The Review for January 21 there appeared a summary of the recent British Parliamentary debates on the question of the British troops in China and the further matter of British policy, which was reprinted from the Manchester Guardian. In view of the fact that none of the British newspapers in China have printed a line about these important debates excepting a brief summary cabled by Reuters, we are reprinting the following complete report which appeared in the London Times on December 15:

COST OF TROOPS IN CHINA.
A SUPPLEMENTARY ESTIMATE.

The House went into Committee of Supply. Captain FitzRoy (Daventry) in the Chair.

On a Supplementary Vote of £3,090,000 for the excess cost involved in the employment of extra troops in China,

COMMODORE KING, Financial Secretary to the Admiralty (Paddington, S.), said that any saving that had been made in the ordinary or normal expenses of the troops moved to China had been credited. He gave details of the movements of the troops, and said that part of the cost of these movements was included in the Supplementary Estimate taken last year. The presence of the troops in China no doubt had a settling effect, and in July it was decided that the strength of the force could be decreased. The Indian brigade was returned to India between the months of July and November, and it was decided that five battalions of infantry and miscellaneous details might be withdrawn and sent to Home and other stations. That meant that two brigades of infantry and one additional battalion were to be withdrawn. When the decrease had taken effect, the remaining strength additional to the garrison in China would be eight infantry battalions of which five would be in Shanghai, in addition to supporting artillery and various ancillary troops. That was the force which would remain for the present time. It was impossible to forecast the future; conditions were always being carefully watched. He thought the Committee would agree that the whole force could not be removed until the Government in China could assure us that it was both able and willing to give adequate protection to our nationals. (Cheers)

Referring to the position of the troops which had been in China, he said the Committee would realize that the position was one of extreme difficulty, but the troops had acted with the greatest restraint and had lived up to the very highest traditions of the British Army. Their actual living conditions had been by no means perfect, and there had been few facilities for training. The opportunities for recreation had been very restricted. In spite of all those disadvantages, the discipline of the troops had been excellent and their conduct most exemplary.

Questions had been put in the House with regard to the employment and re-employment of "A" Reservists returned home. Some 3,000 men were recalled to the Colours. They were within 12 months or two years of leaving the Colours and they received 1s. 6d. a day, 6d. a day more than the ordinary Reservists, on the sole condition that they placed themselves at the disposal of the Government. Some had now returned home and others were on their way home. He appealed to employers to find employment for these men. They would first turn to their old employers in the hope of being reinstated in their employment. There would also be a considerable number of men who were unemployed before they went out to China. He hoped employers would do what they could to provide employment for these men on their return to civil life. They were doing their best and would continue to do their best for these men. The Supplementary Estimate contained a sum required for sea transport in excess of the normal trooping programme; £978,000 seemed a very large figure, but when members considered the amount of conveyance and distance involved they would realize that the expenditure was bound to be heavy. eventeen battalions, with artillery, ancillary troops, motor transport, and vehicles, had to be sent to China. The troops went to places where no accommodation was available, and, as the War Office had no powers of requisition, they had to go into the market and obtain accommodation on the best terms they could. The cost had been considerable. With regard to Shanghai, the Shanghai Municipal Council were paying extra cost due to the use of one of the battalions on internal security duties. Also the Shanghai Defence Force was exempt from the Shanghai municipal tax on lands and buildings belonging to the Shanghai Municipal Council, and provided rent free. That was a substantial concession and a saving to the Estimates. nother item was full maintenance, pay, rations, &c., of the Indian contingent. There was at first some doubt whether India would pay part of the expenses of the contingent, but the whole of the amount had fallen upon the Votes of this country. Stores withdrawn from stock had had to be replaced, and that had cost a considerable sum.

Mr. Trevelyan's Criticisms

Mr. TREVELYAN (Newcastle, Central, Lab.) said the Committee had not learned much as to why British soldiers were still in China and how long they were going to stay. British trade had suffered very severely as a result of the presence of our troops in China. In the last year there had been a very serious drop in the total value of the United Kingdom produce and manufactures exported to China. In 1926 the total was £9,259,000; in 1927 this had fallen to £5,194,000. Cotton piece-goods had fallen by nearly 50 per cent. This process was still going on in spite of the fact that the imports of foreign goods into China had been increasing, notwithstanding the disturbed state of the country. The fact was that Lancashire was being blockaded at Shanghai. (Opposition cheers.)

The question was how long our troops were going to be retained in China, and how we were going to get out of the morass into which our trading interests had fallen in that country. He did not think that there was a great difference of opinion between the Opposition and the Government as to the ultimate way out; the Opposition might put it a little more bluntly and say that it ought to be done more quickly. The Opposition said that the unequal treaties must go, and that as soon as possible the ports and cities of China ought to belong to the Chinese people again. (Opposition cheers.) The direction in which the Government wanted to go was the same. It was said that there was chaos in China, but China was a continent, not a country, and there were many tracts which even under the present troubled circumstances were securely and peaceably governed and had been for years past. If the Govement were discussing whether they should come to terms which would enable them to withdraw from Shanghai, the Government they had to deal with was the Nanking Government. But so long as we kept our Army there creating distrust and terrorism by an exhibition of overwhelming force, which was incompatible with negotiation, clearly nothing could be done. The Opposition thought there had never been an expedition which was less justified than the Shanghai expedition, and it would be infinitely worse if it was left there indefinitely. He would not move the motion on the paper to reduce the Vote by £100, because that motion did not adequately represent the object of the Opposition. The whole expenditure was wanton and wasteful, and he would ask the House to vote against the whole Vote.

Mr. Milne (Kidderminster, U.) said that the attitude which the Labour Party took up on this question only a few months ago was one which results had shown was utterly wanting in statesmanship, and if their advice had been followed it would have plunged not only British people but a large section of the coast-living people of China into great trouble and distress. But for the dispatch of our troops to Shanghai, not only would the lives of British people have been in danger, but a vast number of Chinese would have lost their lives. There was no resentment in China at this country having sent out troops. It had been an act so statesmanlike that Shanghai to-day was probably the only stable place on the coastline.

"Wait-And-See' Policy Futile."

Colonel Wedgwood (Newcastle-under-Lyme, Lab.) said there was no more prospect to-day of civil war in China coming to an end than there was ten years ago. The policy of "wait and see" that was being followed by the Foreign Office was not merely futile, but was expensive to the taxpayer. They ought to come to a conclusion as to whether the people protected in Shanghai or the taxpayers of this country were to pay for that protection. Without any loss of prestige or security, we might have organized in Shanghai a body of police to protect life and property and thus reduce our expense and the undoubted hostility created by the presence of troops.

Had the Government any alternative, or could they conceive of the indefinite continuance of this armed force in Shanghai, Tientsin, and elsewhere? Was it possible to organize the Europeans on the spot to bear their own burden of defence? Had the Government formed any new plans for getting cooperation among the Western nations interested in China, and using that cooperation to call a conference with the various Chinese Governments and ruling powers with a view to eliminating the bitterness between the Westerners and China, and, if possible, using the good influences of the joint body to bring some sort of peace into that land? The three principal interested parties in China were ourselves, America, and Japan. The whole question so far as China was concerned was agreement of policy between England and America. They had an opportunity of doing something that might lay the foundations of peace for the people in China.

Mr. Looker (Essex, S. E., U.) said the Supplementary Vote was larger than any of them thought it would be. It

was even larger than they were led to believe it would be. He contended that if ever the dispatch of a force of this nature was justified it was justified in this instance. In the conditions now prevailing it was more imperative than ever to maintain a sufficient force at Shanghai to protect the interests of all nations, particularly the Chinese, from military adventurers. In Shanghai some 70 per cent, of the Customs revenue of China was received. The question arose whether we were prepared to sit with folded hands and put up with the prospect of seeing the Defence Force maintained in China for an indefinite period without lifting a finger to see if anything could be done. Other nations were involved in this matter, and he suggested that the first step we ought to take was to ascertain by first hand contact if there was some common policy of cooperation between ourselves and these nations which could be pursued. He did not suggest a policy of force or aggression, but a policy designed to create conditions of comparative security which would not only enable us to withdraw the Defence Force, but which possibly might be of some assistance to China herself. He submitted that the right course for the Government to pursue was not to employ the tortuous processes of ordinary diplomatic conversations, but to seek out the biggest and best known man of weight and influence whom they could find in the country, whose position and reputation were universally recognized, and charge him with the task of exploring the ground and ascertaining the possibilities by direct contact with responsible Ministers of other nations concerned. He knew that the Foreign Office would raise objections to this course, but if they were to be paralysed by objections the Defence Force would remain in China for years and years, and they would never be able to get it out. He thought that it would be worth while to consult moderate opinion in China, which was aghast at what was taking place. If that move failed they ought to consider laying the whole matter before the League of Nations. In the event of failure in that direction the next step should be to endeavour to attain a common policy with Japan. They were entitled to anticipate that Japan would be willing to cooperate with us in some common policy which would protect the interests of both parties. Should all efforts in these directions fail, then we ought to ensure respect for ourselves, our interests, and British subjects by insisting upon China fulfilling all her engagements. We ought to make it clear that we would maintain our rights by any means we considered advisable, whatever the consequences might be. The real question which this country had to ask itself was whether it was content that a part of the world which contained a quarter of the whole population of the globe should lapse into devastation and misery without anyone making the slightest effort to see if anything could be done.

Mr. Wellock (Stourbridge, Lab.) opposed the Vote.

Mr. Hopkinson (Mossley, U.) repudiated, on behalf of his constituents, who were suffering severely from the trade depression, the suggestion that for the saving of their wages they would oppose the sending of troops to defend British lives in Shanghai. Those who, like himself, had lived among the workers all their lives knew that they were not the contemptible people Mr. Trevelyan would have the House think.

Lieut-Com. Kenworthy said that for 16 years this country had been backing the wrong horse in China. He believed that in the long run the democratic forces would prevail and that then they would be able at last to restore order in that distracted country.

Mr. Lloyd George (Carnarvon, L.) said that there was only one question which the House had to decide on this Vote, and that was whether the Government were justified in sending an expeditionary force to Shanghai under the conditions which arose early this year. He believed that no Government, whatever its political complexion, could have shirked that responsibility, and he did not think that public opinion would have tolerated the Government taking any other course. It was probably true that the Government had sent too large a force, but that was a fault on the right side. It was clear, however, that we could not keep a big British garrison permanently at Shanghai, and he hoped that the Government would tell the House what the prospects were of extricating this force from Shanghai. (Cheers.)

Mr. W. F. Mitchell (Saffron Walden, U.) said that the Expeditionary Force arrived only just in time to avert great loss of life and destruction of property. It was not correct to say that the British taxpayer was paying the whole burden of the defence, because all who were trading with China were paying their share of taxation.

Government Reply

Mr. Locker-Lampson said the Government were very glad to have the stamp of Mr. Lloyd George's approval on their action. The Government entirely agreed with Mr. Trevelyan that the unequal treaties must go, and had said so. The difficulty was that they must wait until they got someone to negotiate with. At present there was really no one. Colonel Wedgwood had suggested that they should call a meeting of the various rulers and generals in China, but no meeting could be imagined less likely to arrive at any conclusion. (Laughter.) At present they were nearly all fighting against each other at the head of vast armies. Neither could they, as had been suggested, get into touch with moderate opinion in China. A large proportion of the Chinese population was illiterate and there must be many millions of Chinese people today who did not even know that a civil war was in progress. Cooperation with the Powers was necessarily slow, because it meant that the slowest set the pace. At the present moment they were cooperating with the chief Powers in Peking in regard to the Bias Bay pirates, and they very much hoped to do something to lessen the cases of piracy in Southern China.

The suggestion to submit the question of China to the League was quite impracticable at the present moment. Certain steps had already been taken.

There was not only no improvement in China, but he thought that the general condition was worse than a few months ago. Our policy had always been one of peace and conciliation. (Cheers.) We were prepared to sweep away some of the extra-territorialities straightaway. In fact, we had already done so in regard to one of the Courts in Shanghai. We were prepared to modify all municipal administration in the British Concessions. We had already handed over Hankow municipal administration to a mixed Anglo-Chinese body. We were prepared to surrender many other privileges in order to meet their views and modern aspirations. We were prepared to surrender Wei-hai-wei directly we got somebody to negotiate with. An agreement had been drawn up, and but for the civil war Wei-hai-wei would have been given up long ago. Our difficulty in regard to handing over territory was that there was no established Government with whom we could negotiate. The only solution was patience. Meanwhile we could not allow the lives of our fellow-subjects to be put in jeopardy in Shanghai. Our troops were merely there in the character of a police force. The Government were anxious to withdraw the troops directly a Government arrived that was able and willing to exercise some kind of control.

Mr. Dalton (Peckham, Lab.) said that if civil war could be stopped by putting an end to the importation of arms there would be no need for our troops to remain in China.

Captain Fairfax (Norwich, U.) said the money had been well and necessarily expended.

Commodore King said that it was difficult to give the actual number of troops in China because the numbers were fluctuating almost daily. When the present reductions were completed the numbers would not exceed 13,000. Such a force could hardly terrorize 1,500,000 armed men in China, as it was suggested they were doing. At the same time, more than a local defence force of volunteers was necessary to defend the settlement in Shanghai, which had a boundary of some 14 miles.

The Vote was agreed to by 242 votes to 103 —majority, 139

Further Restrictions on Arms Shipments from America

A joint resolution was favorably reported for passage by the Committee on Foreign Relations of the House of Representatives of the U. S. Congress on Jan. 25, which, if enacted into law will prevent shipments of arms or ammunition from the United States to any belligerent country. The resolution will prevent such shipments in future without act of Congress. It is expected that the resolution will be favorably acted on by the Senate.

Prohibition of arms and munitions shipments from the United States is now enforced under a President's proclamation issued in 1922, but the present action of Congress apparently is intended to strengthen the Government's hands in preventing sales of American manufactured arms to countries where civil war is in progress.

Count Carlo Sforza Lecturing in America on the Orient

Count Carlo Sforza, former Minister of Foreign Affairs of Italy and previously, Italian Minister to Peking, is now engaged in lecturing before audiences in the United States on subjects pertaining to the Far East. The following are the titles of some of his lectures dealing with China, "The Chinese Crisis, Appearances and Realities," "Japan and China," "England and China," "The United States and China," "Soviet Imperialism in Persia and China," "The Crisis of the Missions," "The Tragi-comedy of Shanghai," "Chinese Labor and Western Responsibilities," "Our Chinese Troubles Are Our Doing." Count Sforza sailed for the United States from Cherbourg on the *Republic* on February 2. Count Sforza spent several weeks in investigating conditions in China and the Far East last spring and summer.

China Nets G.$67,600,000 from U. S. Trade!

BY CARLES DAILEY

(*In the Chicago Tribune*)

TIENTSIN, Jan.—Although it will be two months before actual figures are available,and perhaps even longer, owing to the general state of warfare and interrupted communications, the fact stands out that America really is financing China through its trade, while Great Britain and Japan, on the other hand, draw increasingly in cash from China.

Figures for British trade are difficult to obtain, owing to transshipments from Hongkong, but the trade balance in favor of Britain is believed to be well over 20 per cent.

As to Japan, statistics for eleven months of 1927 show exports to China of $207,306,000 and imports from China of $108,281,000, a net return to Japan of $99,025,000.

The estimated trade balance of American commerce with China for the full year is estimated to be $67,600,000 in gold dollars, in favor of China.

U. S. is China's Best Customer.

A glance over the situation from a commercial standpoint at the year's end reveals not only that the United States is the best customer of China, but its most favored customer, in that she buys so much more than she sells to the war torn republic. As for both Britain and Japan, the reverse is exactly true both getting back in trade balances a large part of the cost of maintaining military and naval forces.

Another important change is revealed by a study of the statistics, that Great Britain and the United States both are losing their grip on the piecegoods trade with China, which Japan now dominates. But Japan is going even further. Taking advantage of the cheaper labor in China, Japan is erecting cotton mills in rapidly increasing numbers, notably in the Shanghai, Tsingtao and Tientsin industrial areas.

U. S. Imports $124,000,000.

America's total exports to China (including Hongkong and the Japanese leased port of Dairen) for the first nine months of the year amounted in value to $74,000,000 gold, compared with $80,000,000 last year and $110,000,000 in 1924, the best year of America's trade with China. For the same eight months China's exports to the United States amounted to $124,000,000 the record for China's exports to the United States. Taking the average of the first three quarters as an estimate for the final quarter it will be seen that China's exports to the United States reached a total of $165,000,000 in 1927 and her imports from the United States a total of $98,700,000, a net profit to China of $67,600,000 gold for the year.

Shanghai is the chief seaport of China, but transshipments there so great that it is better for comparative purposes to use the statistics of other ports where interruptions of coastwise and interior traffic are not so frequent as at Shanghai.

Trade at Tientsin.

The total value of the foreign trade of Tientsin, the largest seaport in north China, for the first ten months of 1927, with reference solely to imports from or exports to the United States, and the comperative figures for 1926 are as follows, expressed in gold dollars:

	1927.	1926.
Imports from U. S.	$64,500,000	$65,600,000
Exports to U. S.	66,700,000	53,600,000
Total volume of trade	$131,200,000	$119,200,000

The increased taxation chiefly affects imports and is borne by the importer, although various charges on exports are collected by the local authorities and are not calculated in these returns, which do not record the maritime customs duties; these have been increased through the application of the Washington surtaxes. The point is that China's imports of American goods have increased, while the United States has purchased $13,100,000 more goods from north China than in the corresponding ten months of last year, when the taxation also was lower.

One might wonder at a 300 per cent increase in raw cotton from China when we grow the best cotton in the world. The answer is that this particular cotton goes wholly into our wool blankets!

Details of Increases.

Percentage increases in imports and exports through Tientsin for the ten months have been as follows in comparison with the same period last year:

IMPORTS.		Feathers	250
Rice	100%	Shelled peanuts	60
Cigars	10	Buffalo and cow-hides	100
Wheat flour	17	Licorice root	100
Aniline dyes	100	Linseed	80
Artificial indigo	60	Tanned goat-skins	300
Railway mate-rials	70	Shelled walnuts	70
EXPORTS.		Camel, sheep and goat wool	100
Bristles	14%	DECREASES.	
Raw cotton	35	IMPORTS.	
Kerosene	30%	Unshelled pea-nuts	40
Gasoline	5	Marmot skins	55
Sugar	10	Straw braid	40
Iron and steel	20	Unshelled wal-nuts	30
EXPORTS.		Carpets (by value)	5
Egg products	15%		

Percentage increases or decreases of American exports from North China for the same ten months are as follows:

INCREASES.		Raw cotton	300
Egg products	40%	Sheep's wool	250
Sausage casings	100	DECREASES.	
Fox furs	100	Marmot skins	50%
Coney and rab-bit furs	200	Dressed lambskin	90
Wildcat skins	20	Bristles	20
Wolf skins	100	Unshelled wal-nuts	40
Mouflon and imitations	250	Unshelled pea-nuts	5
Kolinsky	100	Straw braid	70
Dog skins	150	Carpets (by value)	27
Mustard seed	100		

Hankow's commerce with the United States for the first nine months of the year amounted in exports to $12,609,242 in declared value for 1927, as compared with $13,052,124 for the same months in 1926. These again are values in gold dollars.

The estimate on the basis of nine months' statistics of the exports of Canton to the United States as compared with 1926, in gold dollars, is $3,440,334 for 1926, as against $2,388,190 for 1927. The decrease of $1,051,140 this year is due not only to the military operations of the communist and less radical factions, but also to piracy along the West river and other streams which made it impossible to ship cargoes into Canton for export. This chiefly affected the silk trade of the delta.

American imports into Canton for the year are estimated to have decreased by 30 per cent in 1927 as against an estimated decrease in exports to the United States of 36 per cent. Total revenues of the port of Canton for the year are estimated to have decreased about 33 per cent over last year, the trade with all countries having suffered alike in that section, though the British probably suffered most through the boycott.

American Leather Sales to China

BY J. SCHNITZER IN THE U. S. COMMERCE REPORTS

AMERICAN sales of leather in China were well maintained during the early months of 1927, notwithstanding the higher prices for leather during the present year and the internal conditions. Competitors have become more active in the Far East—especially in China. Up to the present, however, they have not been successful in receiving any substantial part of this trade, so they have requested their representatives in China to collect samples of those types of leather preferred by that market and it is expected that they will attempt to produce similar lines in order to be better able to compete with American goods. For this reason exporters should be especially careful in their shipments to the Chinese market and must only forward those lines that are ordered and pay particular attention in the grading of all shipments. Chiuese consumers pay considerable attention to trade-marks and brand names. American producers who have operated in this market for many years and have successfully brought their brands to the attention of the consumers will find that their sales will be well maintained, because buyers are loathe to change after they have become accustomed to one brand that has proven satisfactory.

The total exports of leather from the United States to China in 1925 were valued at $1,168,644, increasing to $1,506,438 in 1926 and, according to preliminary figures, were valued at $946,324 during the first 10 months of 1927.

Increased Call for Upper Leathers.

Sales of American upper leathers to China for the first half of the present year were exceptionally slow but showed a remarkable improvement after the middle of July—being

Chesterfield smokers don't change with the song hits ...

...but watch how other smokers are changing to Chesterfield!

FOR THE BEST OF GOOD REASONS BETTER TASTE!

Liggett Myers Toabcco Co. (China) Ltd.

Announcing

Pressureless Touch

In a Pen that Ends Breakage—
Brings Jewel-like Beauty—
28% Lighter Weight

You here behold Parker's new model Duofold Pen. In reaching this goal, we spent 35 years on 47 major improvements. Made 16,000,000 pens. Own 32 pen patents.

Now the Barrel is made of Non-Breakable Permanite instead of rubber as formerly. It is 28% lighter.

It comes in lustrous Jade, Lacquer-red, flashing Black and Gold, Mandarin Yellow, and Lapis Lazuli Blue—all Black-tipped.

It comes in 3 sizes—each with six graduated points.

We discovered a way to make them write without pressure—by using capillary attraction combined with gravity flow.

We temper this point to yield to all hands, yet ever hold its shape. Stop at the nearest pen counter and try it.

But look for the imprint, "Geo. S. Parker—DUOFOLD"—then imitations can't deceive you.

Sole Wholesale Agents:
Dodge & Seymour (China) Ltd.
3 Canton Road, Shanghai

Parker Duofold
Over-size $14 Lady Duofold $10

valued in the past four months at more than during the first six months of the year. Especially active sales of calf and kip upper during the first 10 months of 1927 exceed those during the entire year 1926. Sales of side upper leathers during the first 10 months of 1927 exceed those of the entire year 1926. Exports of practically all other types of upper leather from the United States to China during the first 10 months of 1927 decreased. Total sales of upper leathers for 1927 are expected to equal those of 1926.

The total exports of upper leathers from the United States to China during 1925 wers valued $178,131, increasing to $272,746 for 1926, and according to preliminary figures were valued at $190,827 during the first 10 months of 1927.

The value of sales during the early months of 1927 exceeds that for the entire year 1925.

Patent Leather Shipments Decidedly Lower.

All of the patent leather consumed in China is of foreign origin. Up to and including 1926 there was a decided increase in the consumption of this leather, but a marked reduction took place during 1927. As the United States supplies the largest part of this leather, this reduced consumption has seriously affected American sales. As any increased use of patent leather in China is not expected in the immediate future, American sales during 1927 will probably amount to 50 per cent less than during 1926. However, as the American patents have been established on the Chinese market for a number of years and are well known and liked by the consumers, the United States will continue to dominate the trade in this class of leather.

Exports of patent leather from the United States to China in 1925 amounted to 481,815 square feet valued at $164,220, increasing to 767,310 square feet valued at $264,486 in 1926, and during the first 10 months of 1927 to 241,994 square feet valued at $86,484, according to preliminary figures.

Sole Leather Sales are Maintained

Preliminary figures show that the American shipments of sole leather to China still average more than 220,000 pounds monthly, although sales of most of the types of leather declined during the first 10 months of 1927. Although this is below the monthly average of the past two years, the improved demand for leather noticeable in the latter part of July is expected to bring the yearly shipments to equal those of 1925. China is next to the largest consumer of American sole leather in the Orient, as Japan is the only country whose annual purchases of sole leather from the United States exceeds that of China.

In 1925 the United States exports of sole leather to China amounted to 2,797,665 pounds valued at $793,558, increasing to 3,210,268 pounds valued at $949,258 in 1926, and according to preliminary figures amounted to 2,204,797 pounds valued at $659,561 during the first 10 months of 1927.

Trade Statistics.

Exports of leather by classes from the United States to China during the years 1925 and 1926 and in the first 10 months of 1927 follow:

United States exports of leather to China

Item	1925 Quantity	1925 Value	1926 Quantity	1926 Value	10 months, 1927 Quantity	10 months, 1927 Value
Upper leather: Cattle-side upper—Grains-square feet..	31,155	$9,677	52,273	$13,821	60,370	$17,207
Finished splits square feet..	22,554	5,971	12,348	2,721	3,459	826
Wax and rough ...pounds....	.....	.....	1,646	816	.....	.....
Calf and kip square feet..	229,385	90,260	357,223	129,816	414,012	140,210
Sheep and lamb .....do.....	14,506	981	57,016	13,283	2,359	439
Goat and kid .....do.....	211,152	55,293	415,979	109,353	94,504	30,777
Horse and colt .....do.....	142	46	29	5	.....	.....
Other upper do	56,906	15,903	9,968	2,931	3,378	1,368
Total.....	.....	178,381	.....	272,746	.....	190,827
Patent leather: Side upper-square feet.....	462,989	158,830	753,210	259,435	234,606	83,922
Othsr patent .....do.....	18,826	5,390	14,100	5,051	7,388	2,562
Total.....	481,815	164,220	767,310	264,486	241,994	86,484

Britain Versus Destiny in India

BY J. D MONRO

(Continued from last week)

It is perhaps invidious to delve into the immediate origins of the communal embitterment in India. That is a wider problem which can, and must, be considered apart from its influence on the success of the Provincial Councils. More to the point here is to consider the actual failure in working of those Councils. On examination we find that the popular element on the legislative bodies of India is small, elected on a narrow basis, and restricted by communal representation, which intensifies the divisions already existing. For the Bengal Legislative Council, for example, the whole province is divided into 42 geographical areas forming non-Mohammedan constituencies in which no Mahommedan, even if otherwise qualified, is allowed to vote. The same province is also divided georgaphically into 34 constituencies in which only Mohammedans can vote. This system is applied throughout practically the whole of British India, and has a disastrous effect. Whilst communal differences in India cannot be ignored, as evidenced by the unwillingness of very many of the Nationalist leaders themselves to abolish separate representation immediately, a policy aiming for the welfare of the Indian people would seek to limit them as much as possible.

Power of Civil Service.

The Civil Service of India is responsible to the Governor-General in Council, and subject to dismissal only by the Secretary of State. Its powers are enormous, so great, that it can, without exaggeration, be described as the Government of India. In the Governor-General's Council three of the six ordinary members represent the Civil Service. The Permanent Secretaries of all departments (including even the Army) are members of the Civil Service. In the judiciary there is a preponderating element of the Civil Service. Nearly all the higher posts in this all-pervading administrative army are held by Englishmen, and the 36% of Indians employed in it are for the most part restricted to subordinate posts. In criminal matters, also, the judicial organization of India is entirely subordinated to the British-controlled executive. Locally, both executive and judicial functions are vested in one official, who also controls the police. His power is almost complete. Civil Servants preside over the Court of Sessions, and in the High Court there is a statutory proportion of judges recruited from the Civil Service.

The Army in India

The Army in India is entirely under British authority. It is controlled by a Commander-in-Chief appointed by the Crown on the nomination of the British Cabinet, and he acts under the general direction of the Army Council in London. The cost of the maintainance of the Army is nevertheless borne by the Indian people, more than one third of whose heavy taxation is devoted to military purposes. The injustice of this arrangement is intensified by the fact that the military policy pursued is not on a purely defensive basis, but is devised in Imperial as well as Indian interests. The costly draft system in Imperial as well as Indian interests. The costly draft system by which regiments go out to India for a specific period, and are constantly being changed, is with the

Sole leather:						
Backs bends, and sides pounds	1,147,396	398,904	1,418,788	498,958	1,170,606	397,433
Other (including offal) ...pounds...	1,646,678	392,494	1,797,005	448,293	1,026,122	259,981
Cut stock do	3,591	2,160	4,475	2,007	8,069	2,147
Total.....	2,797,665	793,558	3,210,268	949,258	2,204,797	659,561
Miscellaneous leathers;						
Glove leather square feet.	26,848	8,589	.....	.....	2,130	490
Harness leather pounds.....	4,722	2,304	2,251	858	2,248	1,103
Upholstery leather square feet..	10,999	1,907	28,950	4,752	13,340	2,641
Fancy leather .....do.....	.....	.....	223	104	39	30
Case, bag, and strap square feet...	2,532	788	.....	.....	3,809	1,136
Other leather..... pounds.	26,242	19,147	16,065	11,748	4,670	4,052
Total, all .....leather	.....	1,168,644	.....	1,506,438	.....	946,324

In the United States Court for China

UNITED STATES OF AMERICA, Ex relatione George Sellett, United States District Attorney for China,
Plaintiff,

vs.

HOY SUN COMPANY, FEDERAL INCORPORATED, U. S. A.,
Defendant.

Cause No. 2970

Civil No. 1223

ORDER

Filed at Shanghai, China, January 20, 1928.

JAMES M. HOWES
Clerk.

The object of this is to secure the dissolution of the above named defendant corporation.

WHEREAS plaintiff herein, by its attorney, has, this 20th day of January 1928, made application the substitution of publication for personal service of summons upon defendant herein; and

WHEREAS it appears from the files of this case that on returned by the Marshal of the United States Court for China, "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 13th day of December 1927, A. Viola Smith, Acting Registrar, China Trade Act, filed herein on affidavit to the effect that no officers of the defendant corporation are residing or to be found anywhere within the jurisdiction of this Court nor have they been within the jurisdiction of this Court at any time during the six months last prior to December 13, 1927.

NOW, THEREFORE, it is, this 20th day of January 1928, ORDERED that the defendant cause its appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the day of the first publication of this order; otherwise the cause will be proceeded with as in cause of default.

BY THE COURT,
MILTON D. PURDY
Judge.

January 20, 1928.

Kiangnan Dock & Engineering Works

Engineers, Boilermakers and Shipbuilders

SHANGHAI

Telephone:
C. 1676 & 1678

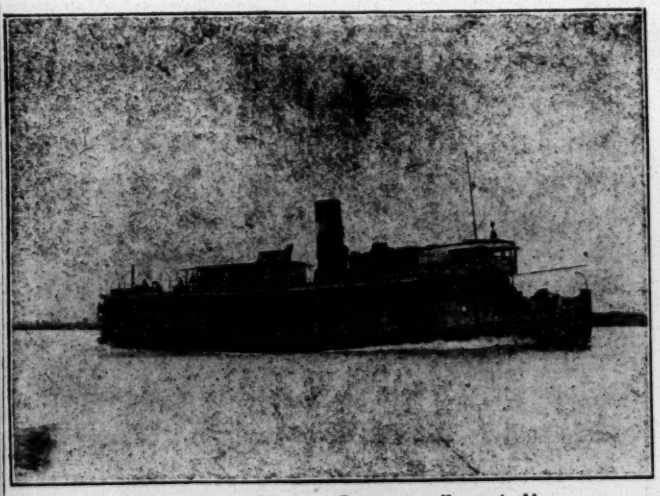
Cable Address:
"Sinodock,"
Shanghai

Codes Used:
A.B.C. 5th Edition,
Bentley's, Lieber's,
Standard, The
Engineering 2nd
Edition.

Two Dry Docks—Dimensions are

Name	Length on Blocks	Breadth		Depth on Sill
		Top	Bot.	
No. 1 Dock.....	545-ft.	70-ft.	62-ft.	20-ft.
No. 2 Dock.....	502- „	70- „	60- „	23- „

Sheerlegs to lift **75 tons.**



Winter Upper Yangtse Steamer "Yung An"

On Trials—Speed 14.3 knots loaded.

153-ft. by 29-ft. by 8-ft. 6-ins. Draft 6-ft. 6-ins.

object of giving the benefit of field training to the British Army at India's expense.

The "Indian" Navy

The decision of the Government to establish an "Indian" navy aggravates the position still further. Whilst the Indian people will be called upon to meet the cost, control will not be in their hands and only one-third of the officers may be of Indian nationality. The establishment of the "Indian" navy, in conjunction with the re-establishment of the Singapore Dock and the naval developements in Ceylon, is likely eventually to intensify naval rivalries in the East with serious danger of war. Yet the Indian people have no voice in the initiation of this policy.

Education

Since the transference of the Education Department to elected Ministers in the Provincial Governments, under the Montagu-Chelmsford Reform, the legislators have affirmed the principle of universal and compulsory education. This was probably a step in advance, as compared with the spirit of the previous British administration, which had been content, in 120 years, to produce only 7.2% of the population able to read any language whatever. (In the Indian Native States—notably Baroda and Travancore—the state of education was much better). In spite of the fact, however, that the legislators have shown themselves clearly favorable to universal education, and that there have been Government measures to the same effect, the actual introduction of the system and its adoption by local bodies have been handicapped by lack of finance, which is a "reserved" subject and in the allocation of which the Ministers have no voice.

In social reform the Government has often been an obstacle. Under the plea of religious neutrality, it has constantly refused to support progressive movements, and has thus strengthened the resistance of Indian reactionaries. Measures introduced by private members in Indian legislatures, for eradicating indefensible social customs, like child marriage, have met with strenuous Government opposition (in addition to the formidable opposition of conservative elements among Indians) and Government influence has been on the side of the retention of caste privileges. Until recently, for instance, the Government tacitly supported the claim of the upper castes for the exclusive use of certain roads, and even now, at least in one province (Madras), the authorities have by no means abandoned their attitude of taking the part of the high castes against the so-called "untouchables."

The Indian States

The administration of India is complicated by the existence of a large number of Indian (Native) States. There are 108 of such States, with whom the British Crown, through the Governor-General in council, is in treaty obligation. In addition, there are over 600 other States recognised by the British Government on grounds of expediency or strategy. Most of these States are subject to the satisfaction of the Viceroy regarding the standard of administration, but are otherwise self-governing. There is a British Resident for each of the major States and for groups of minor States. The Viceroy is responsible for the relations between his Government and the Indian States, which are entirely outside the purview of the Legislative Assembly. Each State is required to maintain a small military force, which is controlled by the Government of India, though maintained at the expense of the State.

The Frontiers of India

The present frontiers of India do not represent the natural historical boundaries. On the East, Burmah has been annexed for trade reasons, particularly because of the rich oilfields and coal and teak supplies, although it has never formed a part of India, and there is no natural affinity between the two countries. Indians have been encouraged by the British Government to assist in the exploitation of Burmah, with the result that bitterness has arisen between the two peoples. Helpless to legislate against European exploiters, the Burmese Provincial Council has exercised its powers to legislate to the detriment of Indians.

This brief summary of the constitution and administration of India, as modified by the Reforms of 1919, will give some idea of the background against which the Statutory Commission will have to act the part of cynosure as soon as it has landed at Bombay on Feb. 3. In that background may be picked out by the observant all the reasons which have stirred up the Indian Nationalists to such unanimous hatred of the Commission. It only remains to trace the course of that opposition as the appointment of the Commission drew near and was consummated.

Bungled Beyond Repair

It seems probable that the Baldwin Government has already bungled this business of the Statutory Commission beyond repair. Thrice in the history of that Government fortune has come to it with a great opportunity. It might have imposed on the decadent British coal industry a con-

structive settlement which would have lasted for some years. It might, in concert with the United States, have inaugurated a movement for the disarmament of the world. Two months ago the chance came to it of pacifying and rebuilding India. The first chance and the second of leaving its mark on history it threw away. The third chance may have vanished with them now.

This seems to be a hard saying, when we take into consideration what was said by the Prime Minister in the House of Commons on Nov. 8 when announcing the imminent appointment of the Commission. The Government's view, he said, was that the Commission's task would be greatly facilitated if it were to invite the Central Indian Legislature to appoint a Joint Selection Committee chosen from its elected and nominated unofficial members, which would draw up its views and proposals in writing and lay them before the Commission. The Committee might remain in being, he added, for any consultation which the Commission might desire at subsequent stages of the enquiry. He also suggested that a similar procedure might be adopted with the Provincial Legislatures.

Now what suggestion could be more helpful or sympathetic than this? Or again, what could be more full of sound commonsense than the words of Sir William Marris, retiring Governor of the United Provinces, uttered just before Christmas in a farewell address to the Legislative Council of the United Provinces? Said Sir William Marris: "India can either help or hinder; the latter course cannot do anything but harm, by denying to the Commission the advice of responsible Indians. But in any case, the Commission will go ahead with its work, as planned in 1919. The Government's earnest hope is, therefore, that the Provincial Council will elect its ablest members to the Indian unofficial Commission." Unfortunately, these words were unable to fall on the ears for which they were intended, for the Swarajist and Nationalist members of the Council had absented themselves from the Council Chamber, and did not return until after Sir William Marris' departure.

It is clear that Baitain in India is up against something that goes deeper than common-sense and sweet reasonableness. This, of course, is what makes the strength of the Die-Hards. It is also what renders pointless all the reasoning of the Conservative Government. Nevertheless, we should consider for a moment the reasons given by the latter for their manner of appointing the Commission.

On Nov. 25 Lord Winterton, Under—Secretary for India, introduced into Parliament a Bill arranging for the immediate appointment of the Commission on the Indian Constitution instead of waiting until 1929, as contemplated by the Montagu-Chelmsford report. This was opposed by certain members of the Labor Party, on the grounds that this Government, though it had exhausted its mandate in England, still wanted to take care that the Commission was overweighted with its own nominees. The Labor Party as a whole, however, agreed to support the measure, and could not very well do otherwise, considering the resolutions passed by the preceding Labor Government. Moreover, one cannot but commend the Government for choosing its moment so well: By creating its Commission to study the revision of India's Constitution well in advance of the legal date, it took a conciliatory step. What was objected to, as a very insult, was the purely British composition of the Commission. The Baldwin Government put forward very good grounds, however, for its decision in this matter, and both Mr. MacDonald and Lord Birkenhead, after consulation, found themselves in agreement that the Commission should be drawn solely from the two Houses of the British Parliament, and should include no Indian members. (Note, by the way, that a Parliamentary Commission might still have included Indians. Lord Sinha, who personally approves of this Commission as it is, would have been a good choice, although he has expressed his opinion that a mixed Commission would be inadvisable; he is a peer, and it would have been easy to satisfy formalities by raising two other Indians to the same rank). There were two reasons for this decision on which the chief speakers dwelt in almost identical terms:

(1). It is said that Parliament cannot divest itself of its responsibility for determining India's future. Therefore, it is argued, the Commission which advises it and reports to it must be composed of its own members.

(2). It is argued that Indian opinion is so sharply divided, and includes minority views so numerous and distinct, that if Indians were to be fairly represented on the Commission it would have to be of an unwieldy size, and would never reach a unanimous report.

It should be noted that the first argument cloaks a confusion of thought. Quite rightly Parliament cannot divest itself of its ultimate responsibility. But it does not follow that the Commission which advises it must be exclusively or even mainly Parliamentary. Parliament's responsibility can-

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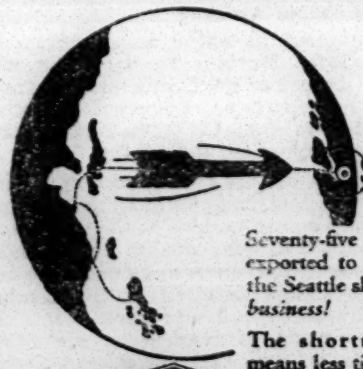

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not be disputed: even if Britain were to recognize India's absolute independence, and to sanction her quitting the Empire, the decision must formally and constitutionally be taken by Parliament. There is no controversial issue here. What is controversial is a moral, not a formal matter, namely, how far India's will (if she has a general will) counts, or is to count, with Britain and with Parliament, in deciding India's future. Quite definitely, the formal, or even the moral responsibility of Parliament did not forbid an extra-Parliamentary Commission. By analogy, Parliament is also responsible for the coal-mines. But its ultimate responsibility was not lessened when it appointed the Samuel Commission (which included no members of Parliament). With India, its responsibility will come into play when it has to pass a new Government of India Act. It can keep that responsibility intact whomever it may invite to advise or report to it.

The second of the two decisive arguments is the stronger of the two. It is here that the Destiny which is Character steps in and hounds her actors willy-nilly to that futility which they have carved for themselves. The divisions are there, and all that can be said is, that by stressing them we encourage and perpetuate them.

Under the influence of these two arguments both governing parties rejected the idea of appointing a commission composed jointly of Englishmen and Indians. The Government has, however, devised a machinery by which Indians may present their own draft of a Constitution to the Commission, and afterwards, before a Parliamentary Committee at Westminster, criticize the Commission's report. It is easy to understand why Indians rejected this plan: the "jury" remains exclusively English. Indians may give evidence; they may offer suggestions and criticisms. But the report, the only report which will go to Parliament, will be an English report. The draft of a Constitution, and the only draft which will be laid officially before Parliament, will be an English draft. The best Mr. Baldwin could do to palliate this was, to beg that Indians would believe that this procedure placed them in no position of "inferiority."

The Labor Party saw this clearly, and devised a compromise by which "the reports of *both* Commissions should in due course be presented to the Joint Committee of the two Houses of Parliament." On this condition the Party was prepared to support the Government and to permit Messrs. Walsh and Attlee to serve. Mr. MacDonald put forward this proposal, not as a condition but as a suggestion. He knew before he spoke that it had been rejected, for on the previous day Lord Birkenhead had said: "We must take no step which would lead to the risk that we should have two reports proceeding from two Commissions." Stripped of this condition, the Government's scheme leaves the British "jury" supreme. Nevertheless, Messrs. Walsh and Attlee are serving on the Commission. (Note: It is not clear from the news agencies whether Vernon Hartshorn is not serving on the Commission in place of Walsh).

The Indian Attitude

So far we have considered the matter more from the British than from the Indian side. But it is the latter on which depends the success or failure of the Commission now, since (disregarding certain vague reports of Viceregal last-minute overtures to Indian leaders in India) it seems certain that no modification can take place now on the British side.

A few days before Christmas, reports were sent out from British Press agencies in India, and published in China, that the opposition of the Nationalist leaders to the Commission, and their intention to boycott it, were weakening. Emphasis was laid by the reports on sectional quarrels as being the cause of this weakening. It is almost certain that British news agencies in India will continue to send out reports of this kind. Ever since the Commission, and its counterpart the Boycott Committee, were known to be preparing, these news agencies have gone out of their way to publish details of the minority who are willing to fall in with the Commission rather than of the majority who will have nothing to do with it. But before we consider in detail the forces of the opposition, it will be well to take a brief backward glance over modern Indian Nationalism.

Three possibilities have confronted Indians in recent years. They were stimulated by the saintly magic of Gandhi's personality to look for their salvation to passive resistance. That hope engaged them for some years, and while it lasted, co-operation with London was difficult or impossible. It was difficult, not merely because this movement dug an impassible gulf between conquerors and conquered; it was difficult, too, because Gandhism meant a return to an impossibly primitive and unworldly form of society. Not all the moral beauty of Gandhi's idealism can blind us to the fact that it meant perilous and impoverishing reaction. Something, one hopes, of Gandhi's teaching will survive—above all, the humane impulse which makes for the uplifting of the outcasts. But its political inspiration has passed. And with its passing, and the fading of Non-Co-operation, came the break-up of the Swaraj Party. By the autumn of 1925, the desire of the Right Wing for a drastic modification of the programme, so as to allow of the acceptance of office and the practice of the so-called policy of "responsive co-operation" (i.e. the policy of working the constitutional reforms scheme as far as possible, and only voting against the Government when British policy conflicted directly with the immediate interests of the Indian bourgeoisie), led to a crisis in the party, and the secessions began. Followed the sordid scrambling of the leaders for office, and the acute embitterment of communalism.

Again another beacon blazed on the northern horizon and faded. China, under Russian inspiration, seemed to have discovered a technique of liberation. The resultant hopes which swept through Asia have not passed, but they have been clouded and obscured by the human frailties of the leaders. Thus neither the Gandhist belief that India could free herself by passive revolt, nor the Muscovite model of victory which Canton exhibited for a year, are now likely to impede the chances of a constitutional solution in India. The pulse of Indian public life has lost its fever. The wiser heads are ashamed of the distressing feud between the two religions. The mood of Nationalism is neither aggressive nor over-confident. It is the moment for frank and friendly conference.

In spite of these facts, the Baldwin Government has bungled the business of the Commission which was to have provided the third way of solution. Of course, no deliberate insult was intended, and Sir John Simon is as capable as any man of drafting a moderate Liberal Constitution for the Peninsuala. The trouble is that the feelings of the Indians were forgotten. The mechanism of the Commission is one which will ensure a solution acceptable to moderate British opinion, It was not designed to satisfy India nor even to reassure India. And the majority of British who are in any way interested are concerned chiefly that Indians shall acquiesce in the Commission, and not that Indian feelings towards it shall change.

What is certain at present is that the mass of politically-awakened Indians will refuse their co-operation. A glance at the following list of leaders who have declared themselves for the boycott should be sufficient proof of this:

Swarajists.

Mr. S. Srinivasa Iyengar (chairman of the National Congress).

Dr. M. A. Ansari (president elect of the National Congress).

Mr. Akhil Dutta (president of the Bengal Congress).

Mr. J. M. Sen-Gupta (leader in Bengal Council.

Mr. T. C. Goswami (treasurer of the party).

Responsivists.

Lala Rajpat Rai (leader of the party in the Assembly).

Mr. Runganatha Mudaliar (Non-Brahman and member of the Madras Government).

Independents and Moslems.

Sir Abdur Rahim (Member of Royal Commission, 1913, and leader of the Moslem Party).

Mr. M. A. Jinnah (leader of the party in the Assembly).

Mr. Abdul Kalam Azad (leader of the Bengal Moslems).

Mr. Ahmed Ali (member of the Moslem League Executive).

Liberals.

Sir Tej Bahadur Sapru (former Law Member of the Viceroy's Cabinet and India's representative at the Imperial Conference, 1923).

Sir P. Sivaswami Aiyya (leader of the party in the Assembly).

Sir Ali Imam (ex-member of the Viceroy's Cabinet).

Mr. Sachchidananda Sinha (ex-Finance Member of the Bihar Government).

Sir P. C. Mittar (leader of the Bengal Party).

Sir Chimanlal Satalwad (ex-member of the Liberal Federation).

Mr. Rangachariar (Government representative to Canada and Australia).

Mr. Gandhi and Dr. Besant, both of whom are bigger than any party, have declared for the boycott. All who know India will appreciate how formidable the movement must be which has the support of all these leaders.

The All-India Trades Union Congress has vehemently endorsed the policy of boycotting the Commission. The intensity of the feeling is shown by the fact that when an amendment was moved asking the British Labor Party to withdraw its members from the Commission, there was strong opposition on the ground that it was insulting to India's self-respect to beg anything from the British Labor Movement in view of its unsympathetic attitude. A clear description of the proposed boycott was given by Mr. S. S. Iyengar, when he said that the Indian parties in the Legislatures will refuse to appoint committees to work with the Commission, will not give evidence, and will not exchange views with the Commission members or even meet them. A complete "hartel" (general strike) will be organized throughout India on the day of the arrival of the Commission.

Most significant of all, perhaps, is the attitude of the Indian Liberal leaders, under the leadership, unexpectedly mili-

tant, of Sir Tej Bahadur Sapru. They were led during last summer to associate themselves with the demand for a mixed representative Commission, and they are now talking, not only of a complete boycott of the Parliamentary Commission, but even of merging the Indian Liberal Conference in the National Congress, which is Swarajist and still in great part under the influence of the Non-Co-operation sentiment. As the "New Statesman" of Nov. 19 says, "this is all extremely regrettable. In part, doubtless, it is to be explained by the very clumsy preliminary tactics of the Government. Since the plan (of the Commission) is intended to provide for the fullest measure and the most satisfactory form of Indian co-operation, it certainly should not have been difficult to secure the practical assistance of the Indian Liberals and Moderates. They resisted Non-Co-operation; they placed themselves at the time of the Montagu Bill in direct antagonism to the Swarajists; they have tried to work the dyarchical system. All this, apparently, they are forgetting in their angry threats of boycott". The other two parties also, the Responsivists and Independents, though not accepting office under the Montagu Reform scheme as did the Liberals, had co-operated to the extent of supporting the Ministries.

The President of the Legislative Assembly Mr. Patel, is in a more difficult position, and has issued a statement in which he says that there can be no doubt of his opinion of the Statutory Commission, an opinion which he has not hesitated to express privately to the authorities in unmistakeable language. He has anxiously considered whether he should vacate his position or not, but, after consultation with his friends, he has decided that no useful purpose would be served by his resigning from office, and is therefore going to continue watching developements, in the hope that something in the nature of a Round Table Conference will replace the present Commission.

It is perfectly clear that no amendment of the Commission's constitution which does not recognize the absolute equality of Indians will be acceptable. The proposed Committee of the Indian Legislative Assembly must, to Indian ideas, have an equal status with the Commission of British Parliamentary representatives; it should be appointed by the elected Indian parties and its membership should not be restricted to Assembly members. The two Commissions should for all practical purposes become one. They should meet together, take evidence together, and report together, with opportunities for the members of either side to sign a common minority report, if they so desire. In this way the present proposal could be converted into the Round Table Conference which Indians have been demanding.

Co-operation of Indian Minority.

There are only three Indians of any standing who have indicated positively that they are prepared to co-operate with the Commission: Raja Narendranath and Sirdar Jogendra Singh, of the Punjab, and Mr. Subrayan, first Minister of the Madras Government. They feel their communal (religious) problems so keenly that they are not prepared to miss the opportunity of voicing them to the Commission. At the same time, the ranks of the Moslem opposition are by no means as firm as they might be, and this reacts on the confidence of the Hindoo would-be boycottees, since it is essential for the success of the boycott to have a united front and no traitors who may sneak in and jackal what they can from the Commission. In view of the importance of this point, it is worth while considering in detail the Moslem party's situation.

The Council of the All-India Moslem League is the guiding force of the party, and it was at its annual meeting that the question of the boycott was to be finally discussed and decided. The Council at first formally and constitutionally selected Lahore as the venue for the annual session of the League; and chose Sir Mahomed Shafi (who has condemned the boycott policy) to be President. The President for the year 1927 was Mr. Jinnah, one of the leading protagonists of the boycott. Then, according to a statement issued by Dr. Kitchlew, general secretary of the League and an advocate of the boycott, numerous letters came from different parts of the country expressing disappointment at the Council's decisions. Dr. Kitchlew thereupon, after consulting Mr. Jinnah, called a meeting of the Council of the League in Delhi on Dec. 11. This he did in virtue of his secretarial powers, under the League's rules. Of some 300 members of the Council, only 30 were actually present, but there were many proxies. The Punjab members protested against the calling of the special meeting, but it was ruled in order by the vice-president (an advocate of the boycott). Finally it was decided to hold the annual session of the League in Calcutta instead of at Lahore. The Punjab representatives thereupon walked out, and, the split remaining unhealed, proceeded with the organizing of the Lahore session. They also issued a manifesto on the subject of the Commission, in which they expressed regret at the character of its composition, but added, most regretfully, that the insuperable communal strife within the Indian parties would almost certainly prevent the boycott being complete and therefore lead to its failure, for which reason it was essential to support the Commission, in order to get all that could be got from the Commission and avoid losing what little had been gained from the Montagu-Chelmsford Reforms.

It appears also that Sir Abdur Rahim, leader of the Moslem boycott party, finding himself opposed so bitterly by the Punjab members, has had misgivings as to the probable success of the boycott, and a Press report of Dec. 22 from Calcutta stated that he was about to abandon the boycott policy. A later report states that he has definitely dissociated himself from both the Lahore and the Calcutta sessions. This coincides with the attitude of the London Indian Moslems' League, whose President, Mr. Justice Ameer Ali, telegraphed to Sir Mahomed Shafi that in his opinion the boycott policy would be prejudicial to India and especially to minority interests. He added that the principle of separate electorates for Moslems should be adhered to as laid down in 1909 and accepted by Lord Morley.

It appears that these weaknesses within the Moslem party may have had a disheartening effect upon the Hindoo parties. The latest report now (dated Dec. 22) is that the Viceroy has been making unofficial proposals to Mr. Jinnah in regard to the Commission which have caused "unanimous jubilation" among the Nationalist leaders in the Boycott Committee. The latter, however, has deferred its decision, prudently waiting to hear what the various confabulations of the Congress Party, the National Liberal Federation and the Moslem League will bring forth. The Boycott Committee is to meet again after the meetings of these parties. It is suggested that the Viceregal proposals have to do with the rights and status of the Joint Committee of the Indian Legislature. This is the best news that has come so far, and encourages one to believe that perhaps after all the Government will not rely for its "success" on the deplorable weaknesses of its opponents. Of course, it can always rely on the support of the Depressed Classes, who are mortally afraid of any high-caste governmental domination. The recent meeting of the All-India Depressed Classes Conference clearly expressed its opinion that Swaraj is not necessary for the removal of the hardships under which they suffer, and that it might, in fact, actually tighten their slavery under a Hindoo oligarchy. The Conference for this reason declared its opposition to any boycott of the Commission.

One final note should be made, of the attitude of the Burmese towards the Commission. The People's Party has discussed the desirability of accepting or boycotting the Commission, but, as it was unable to reach a decision, it postponed further consideration until February next.

It is interesting to note how much more careless Englishmen now are about religion than they are about politics. The Indian Church Bill, which hands over a large number of English Church people to the management of an episcopate which will be mostly, perhaps, Indian, passed quietly through Parliament just before Christmas, meeting with only a very tepid opposition, which was easily silenced by Earl Winterton's suggestion that it was only the legal union, not the spiritual, which was to be severed.

A last point of interest is the kind of Constitution which the Nationalists might desire. Two such Constitutions have already been outlined, the first by a convention called by Dr. Annie Besant, attended by many members of the Legislatures, and endorsed by a considerable number of representative Indians. This "Commonwealth of India Bill", however, has not been accepted by several of the most important bodies in India. The chief objection to it is that it proposes an educational qualification for the National Assembly on a university graduate standard, and a property qualification for an elector to the National Assembly of £40 per annum, whereas the average Indian income may be about £4 per annum. A constitution along these lines, of course, recognises facts as they are, but it might mean a long period of class rule, followed by a bitter class struggle.

A skeleton of a new Constitution was also provided in the terms of the resolution adopted in the Indian Legislative Assembly on Sep. 7, 1925, on the motion of the Swaraj and Independent Parties. The amendment demanded:

(1) That the Governor-General should be responsible to the Indian Legislature.

(2) That the Council of the Secretary of State should be abolished.

(3) That the Secretary of State should assume the status of a Colonial Secretary.

(4) That the nominated members of the Central and Provincial Legislatures should be abolished.

(5) That the electorate should be based on as wide a franchise as possible.

(6) That the central Legislature should be responsible for all subjects, except military, foreign and political (i.e. consular, diplomatic, and relations with Indian States) for a limited period.

(7) That the army should be Indianized.

Shanghai, Jan. 27, 1927.

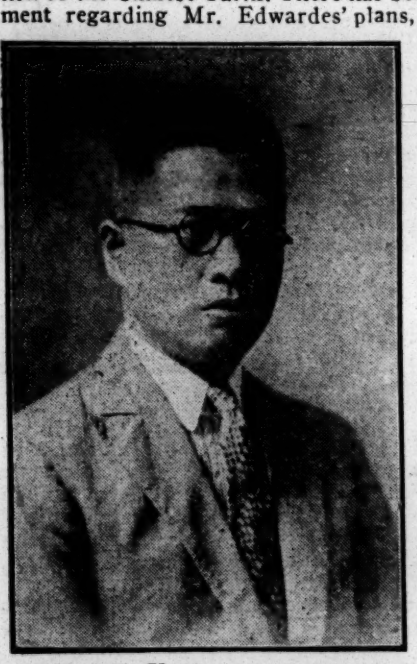
Tariff Autonomy as a Chinese National Issue

BY J. B. P.

While the news reports have been more or less indefinite and contradictory it is fairly certain nevertheless that Peking and Nanking are united on the question of obtaining complete tariff autonomy for the Chinese Republic by Jan. 1, 1929. It is also reasonably certain that the United States and Great Britain will be agreeable to this move. France and Italy may also be in agreement although their attitudes have not as yet been expressed. Japan will oppose tariff autonomy for China on the grounds that it would prove detrimental to Japanese trade with China, and even though Japan could be convinced that Chinese tariff autonomy would not damage her trade, Japan would still oppose tariff autonomy as a trading proposition, hoping in this way to obtain some additional advantages in Manchuria or possibly for the purpose of obtaining a larger share in the administration of the Chinese tariff, now controlled by the British.

The Mission of Mr. A. H. F. Edwardes

A. H. F. Edwardes, Acting Inspector-General of the Chinese Customs, a British subject, is now in Shanghai interviewing the Chinese Nationalist leaders, principally T. V. Soong, Minister of Finance of the Nanking Government on the question of the Chinese Tariff. There has been no public announcement regarding Mr. Edwardes' plans, but the Japanese semi-official *Toho* news service reports from Peking have given a fairly complete account of what is going on. In the *Toho* report which was circulated to the local foreign press on Sunday, Feb. 5 (but not printed by the British papers), it was stated that Mr. Edwardes would recommend that as a preliminary step toward the enforcement of a transitory tariff and a statutory tariff that the 2½ percent customs surtax now collected throughout Nationalist territories, be legalized and collected at the Custom Houses and that the surplus of the increased revenues be distributed between the Nanking and Peking Governments in proportion to the proceeds of the Customs Houses located in the territories of the two governments. It was also stated that Mr. Edwardes would recommend that the Northern and Southern Chinese Governments form a joint commission for the purpose of working out the details of this arrangement. Furthermore it was suggested that the International Tariff Conference which was adjourned in 1926 be re-convened for the purpose of assisting China in the formulation of a national tariff law to come into effect on Jan. 1, 1929 when tariff autonomy becomes effective.



Mr. T. V. Soong, Nationalist Minister of Finance Who Is Conferring with Mr. A.H.F. Edwardes, British Acting Inspector-General of the Chinese Maritime Customs Administration on the Question of Tariff Autonomy and Coordination of the Activities of the Peking and Nanking Governments on Tariff Matters.

The British Attitude

While there has been no announcement of the official attitude of Great Britain, it is assumed that country will be favorable toward Mr. Edwardes' proposal, except that the Chinese in both North and South will insist that the tariff be increased immediately to 12½ percent on general products in place of the present rate of 7½ percent (5 percent plus 2½ percent surtax). The British are likely to be agreeable to this proposal for two reasons, first because the British Government has generally been favorable toward tariff autonomy and second the British wish to maintain control of the Chinese Customs Administration. From the standpoint of the attitude of the United States Government, the tendency will be to remain neutral from the standpoint of siding with the British or Japanese, but will favor tariff autonomy for China in every legitimate way possible.

Japan Versus Britain

The Japanese *Toho* news agency report from Peking on Feb. 5, referred to in the foregoing was also illuminating in that it indicated in unmistakable terms Japan's antagonistic attitude toward the present British move. The Japanese had the following to say in reference to the reported British proposals.

"The present British proposals are considered to be nothing but a renewal of the gist of the declaration made to the Diplomatic Body by Mr. O'Malley, the British Charge d'Affairs on December 18, 1926 regarding Britain's new China policy. His suggestion therefore, can be regarded as a reflection of the China policy of Great Britain which is using the Chinese Custom Houses as the bases of her China trade. It is considered that unless Japan, which country has been opposed to the British plan on the ground that some parts of it are unreasonable and likely to promote civil wars in China, alters her attitude, that a frontal clash would be inevitable between Britain and Japan as far as the customs questions are concerned."

Japanese Treaty Negotiations

The Japanese have been trying to negotiate a new commercial treaty with the Peking Government almost continuously since the adjournment of the International Tariff Conference in Peking in the fall of 1926, but according to latest reports no definite results have been obtained. The Japanese have been attempting in this way to obtain preferential treatment for certain Japanese products such as cotton piece goods, but recently the Nationalist Government issued a declaration that it would not be bound by any agreements or contracts negotiated between the Peking Government and foreign states or interests.

On February 4 the Peking Government announced the appointment of a so-called "Customs Tariff Autonomy Commission," composed of the following: Pan Fu (Premier) Hsia Jen-hu, Wang Yin-tai, Wu Chen, W. W. Yen, Wellington Koo, Li Shih-hou, Shen Ju-lin, Mo Teh-hui, Liang Shih-yi and Yen To-pu. Then in addition to the foregoing the following were appointed as a technical committee to cooperate with the Commission, Chen Tai, Yen Kuo-lin, Yen Yung-lien and Chen Huan-chan. It is assumed to be the intention of the Peking Government for this Commission to cooperate with a similar commission appointed by the Peking Government.

Possibilities

Forecasts are of course difficult in respect to any future eventuality in China, but obviously the present tendency is in the direction of Tariff Autonomy, China's present problem being to draft and promulgate a national tariff law to go into effect on Jan. 1, 1929 when the resolution providing for tariff autonomy passed by the International Tariff Conference in Peking in 1925-1926 is scheduled to go into effect. The clash between British and Japanese interests is likely to be a complicating element, but after all the last say rests with the Chinese who in all probability will take things into their own hands in the event the Powers become deadlocked on the question. From the standpoint of the Powers the final say rests with America, Great Britian and Japan—and Russia is not a Treaty Power but her proximity to China makes necessary for that country to be taken into consideration. The British are now in a position where they can scarcely afford to oppose China's demands for tariff autonomy owing to their more or less precarious position in the Maritime Customs Administration. Japanese trade in recent years has been constantly increasing while British trade has either been stationary or actually decreasing. Since Britain's control of the Customs Administration is based upon her previously preponderant position in China's foreign trade, it is but natural that the Japanese would now claim similar privileges. If it came to a show-down, and other things being equal the Chinese probably would prefer having the British in control of their Customs Administration than the Japanese. To consider the situation in this light, it is obvious that the British will want to maintain their control, but in order to do so they will be forced to follow China's wishes in respect to tariff policy. Hence it is more than likely that the British will do their utmost to bring North and South China together on the question of tariff policy and also to bring about tariff autonomy. Therefore, if Japan attempts to block the coming into effect of tariff autonomy, the British are likely to say now to the Chinese as they did in December, 1926 in reference to the Customs surtax; "Go ahead and increase your tariff rates!"

The Kuomintang Conference

On Monday, Feb. 6, the Fourth Plenary Session of the Central Executive Committee of the Kuomintang approved of

regulations governing the organization and functions of the Nationalist Government as follows:

Article 1. The Nationalist Government, under the direction and supervision of the Central Execution Committee of the Kuomintang of China, shall control all governmental affairs of the entire country.

Article 2. The Central Executive Committee shall elect a number of its members to form the Nationalist Government; of this number not more than 7 or less than 5 shall form the Standing Committee with a chairman designated by the Central Executive Committee.

Article 3. The administration of all governmental affairs by members of the Nationalist Government Council shall be carried out by the Council, ordinary affairs of the Government being executed by the Standing Committee.

Article 4. All meetings of the Government Council, to be valid, shall be attended by more than half of the members forming the Government Council at whatever locality the Government happens to be established. But in case of a quorom not being available, members of the Standing Committee may make up the required number.

Article 5. All meetings of the Government Council shal be held at whatever locality the Government happens to be established.

Article 6. All proclamations and orders of the Government and other communications concerning Governmental affairs shall be signed jointly by the chairman and at least two other members of the Council. All such public announcements having regard to various Ministries shall be jointly signed by the Minister of the particular Ministry concerned and proclaimed in the name of the Nationalist Government.

Article 7. The Nationalist Government shall establish the following Ministries:

	Councils:
Ministry of Interior	Law Council
Ministry of Foreign Affairs	Supervisory Council
Ministry of Finance	Examination Council
Ministry of Communications	University Council
Ministry of Justice	Auditing Council
	Bureau:
Ministry of Agriculture and Mining	Certification Bureau
Ministry of Industry and Commerce	

Committees:
Reconstruction Committee
Military Committee
Committee on Mongolia and Tibet
Immigration Committee.

Article 8. The organization and function of various organs under the Nationalist Government shall be defined and proclaimed separately.

Article 9. The Nationalist Government Council shall establish the following offices: Secretariat, Staff Headquarters, Printing Office, and Councillors' office, to be placed under the direction of the chairman and other members of the Standing Committee. Separate regulations therefore shall be formulated and announced later.

Article 10. The preceding regulations shall be amended by the Central Executive Committee whenever necessary, members of the Government Council being likewise entitled to propose amendments thereto.

Article 11. The above regulations shall be effective on the date of proclamation.

The Fourth Plenary Session

The oft discussed and more often postponed Fourth Plenary Session of the Kuomintang Central Executive Committee finally got into action in Nanking on the morning of February 3, the following being present: Tsai Yua-pei, Li Shih-tseng, Kuo Chung-tao, Zau Li-tze, Chen Ku-fu, Chang Ching-kiang, Pan Yuen-tsao and Li Chung-jen of the Central Supervisory Committee, and Messrs. Chu Pei-teh, Chu Tsi-ching, Tan Yen-kai, Bei Wen-wei Chu Ming-yi, Miao Bin, Chiang Kai-shek, Li Lieh-chun, Ching Heng-yi, Pei Yuen-ti, Chen Shu-jen, Chen Shao-ying, Wang Loh-ping, Ho Hsiang-ning, Ho Ying-ching, Yu Yueh-jen, Ting Chiu-fang, Wang Fa-chun, Huang Shih, Ting Chao-wu, and T. V. Soong of the Central Executive Committee. The meeting was presided over by Chairman Yu Yueh-jen.

At the second day's session on Feb. 4 it was decided that "inasmuch as 24 members and candidates of the Central Executive Committee and Supervisory Committees have either been expelled for being Communists, suspended for being in allegiance with the rebels, or are deceased, the following eleven candidates were appointed to the Committee, Pei Yung-ti, Chow Chi-kong, Wang Shih, Wang Loh-ping, Chen Chia-yu, Chu Chi-chin, Ting Chao-wu, Ho Yin-ching, Chu Min-yi, Chen Shu-jen, and Huang Shao-hsiung.

It was also voted to reorganize the Political Council, but

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pending the formulation of new rules, it was decided that the Central Political Council and several branch councils shall continue to function. Four general branch councils were decided upon as follows, Canton, to control Kwangtung and Kwangsi; Wu-Han, to control Hupeh and Hunan; Kaifeng, to control Honan, Shensi and Kansu; and Taiyuan, to control Shansi, Suiyuan and Jehol.

Communist Aftermath

Considerable attention was paid to party regulations which obviously were the result of the new situation which has developed since the break with Soviet Russia and the suppression of the Communist elements. These regulations, which were published by the *Kuo Min* news agency under the general heading of "Control of Popular Movements," follow:

A. To formulate and proclaim rules regulating farmers' unions and labor unions, and other economic and educational institutions;

B. To prohibit employment of those methods used to stir up mass movements during the Communist Party's control of the Kuomintang. All mass meetings henceforth shall be subject to the direction of responsible Party and Government organs;

C. The organization and training of, and publicity by all agricultural, industrial, commercial, and educational bodies shall be under the direction of Party organs. Such directors must be qualified and experienced men from the Training Department of the Central Party Headquarters;

D. No meeting of a political nature by farmers and laborers shall be allowed within districts in which a recognized Party office has not yet been established by the Central Headquarters;

E. No actions of a political nature by unrecognized labor or agricultural unions shall be permitted; neither shall such unions represent their respective interests within their particular locality;

F. All labor and agricultural organizations of a questionable character shall be abolished and re-organized according to the proper procedure;

G. All publicity by labor and agricultural unions shall be of an economic or educational nature;

H. To deal strictly with any armed force of labor and agricultural unions; all secret alliance for uprising shall be severely punished;

I. To make immediate preparations for cooperation between industry and labor, to open a farmers' bank and to provide for rural education;

J. To emphasize scientific studies and direct the attention of students to re-construction schemes;

K. To withdraw financial support from various agricultural, industrial, commercial, and educational bodies in order to create in them a spirit of initiative;

L. To establish modern schools on a large scale in order that talents for various enterprises may be rapidly developed.

French Minister Expresses Hope for Nationalist

Count De Martel, French Minister to China who has been making a tour of investigation of the Yangtsze Valley, visited Nanking on February 5 where he was entertained by officials of the Nationalist Government and Kuomintang Party. Count De Martel was welcomed by Li Lieh-chun, prominent member of the Kuomintang Central Executive Committee who called attention to the fact that France had assisted materially on the side of the American colonies in the fight for independence and expressed the hope that French assistance would again be found on the side of China in the fight for treaty revision. In responding, Count De Martel explained that France had passed through a long period of trouble before effecting national unity and independence and expressed the hope that China would shortly arrive at a state of stabilization and reconstruction. He expressed his belief that the Nationalist Revolution would soon be successful and assured the Nationalist officials that France would shortly take steps to revise the old treaties.

Dollar Company Disposing of British Registered Ships

According to an *Associated Press* Dispatch from Vancouver, dated Jan. 18, the Robert Dollar Company has sold three of its British- registered ships, the Robert Dollar, M. H. Dollar and Esther Dollar, to the Canadian-American Shipping Company. The price paid was reported at G.$1,500,000. The vessels will be registered at Vancouver and will be operated on runs to the United Kingdom, Continent and Orient. The report stated that the Dollar interests may shortly dispose of all of its British-registered ships.

New Books of Interest in the Far East

Eng ish Mys'ical Verse

The Oxford Book Of English Mystical Verse By D.H.S. Nicholson and A.H.E. Lee Oxford: The Clarendon Press

In the deep recesses of man there are hidden elements which modern psychology has not been able to account for. The inspiration under which the sages of India, living on the banks of the Ganges, remote from any human associations, more than six thousand years ago, discovered that there is Unity in diversity, and that there is only One reality hidden under all the phenomina; or the inspiration which led the immortal English bard to write his Hamlet can not be explained on the basis of rationalism. Rationalism is always followed by a wave of Romanticism which is an attempt to restore the emotions and sentiments to their rightful place. There is Infinity finding expression through the soul of man.

Mysticism is the method of realizing the higher truth in man through inner spiritual experiences. It leads to excursions in the beautiful realms of Infinite happiness within the man. It puts man in tune with the Infinite. Here all doubts are cut asunder, all sorrows buried forever, and rays of goodwill and love to all radiate from such a man. Science, ethics, philosophy and poetry flow from him like the mighty and soothing Ganges from the Hymalayan gl ciers.

Plato, Jesus, Eckhart, Donne, Baha Ullah, Swami Ram were such men. Still there are such men adorning this planet with their presence. To read their words is to forget the world; and take a plunge into their great spiritual experiences.

The book under review contains some of the finest poems written by such men. The passages are well selected and beautifully arranged. Those who care for real poetry, the food of the soul, must enjoy the beautiful poems of inspiration and deep religious insight embodied in this collection.

The following stanzas from Sarojini, the Indian poetess, may be cited as samples of the contents of the book:

"Men say the world is full of fear and hate,
And all life's ripening harvest-fields await
The restless sickle of relentless fate.
But I, sweet Soul, rejoice that I was born,
When from the climbing terraces of corn
I watch the golden orioles of Thy morn.
What care I for the world's desire and pride,
Who knows the silver wings that glide,
The homing pigeons of Thine eventide?
.....
For my glad heart is drunk and drenched with Thee,
O inmost wine of living ecstasy!
O Infinite essence of eternity!"

Shanghai Jan, 30, 1928 H. P. Shastri

The Movies

"Let's Go to the Movies", by Iris Barry. Payson Clarke Ltd..$3.00.

There are some good pictures of film stars and what not in this book; this is in spite of the fact that most of them are moving ones. Perhaps the idea is that they should be framed and hung for admiration on the walls of the reader's sanctum. Anyway, the get-up of the book does not justify the price of $3.00.

The other contents of the book go a long way towards compensating for this. Miss Barry is the kind of writer whose brilliance makes you half afire and half afraid to meet her (supposing the chance of doing so ever occurred). No sob-stuff from her: what she wants from the critics is More Criticism,—and she steps right in to give the lead herself. Of course, this is not the first time in her life that she hhs done so, considering that she is the movie critic in London of the *Spectator*, the *Daily Mail* and the *Weekly Despatch*. What is more, she came to this position not from the ranks of the hardened dramatic critics, but from the simple status of the movie fan. "I have gone to the pictures", she says, "steadily since 1913: in 1918, 1919 and 1920 I suppose I went a thousand times (sometimes twice in a day). Since then I suppose I have seen another 2000 films if not more".

To this reviewer, the chief appeal of Miss Barry's book is the literary style. Her management of word-meanings is not so much "style" as a crystalline presentation of ideas. No words can better describe this than some of her own (used in making an estimate of the theatre), where she says: "The atmosphere is so gem-like and fierce that the audience, dazzled by that brilliant cube beyond the foot-lights, is given a lasting impression of light and activity". Convention and public opinion, whether in London or in Hollywood, receive at her hands their just due: "Public opinion", she says, "is just nothing but a lot of lies boosted in the form of soothing syrup by the printing press and the film factory, to give people false dreams for fear they kick at facts". Similarly, on the art side, she is intelligent enough to say that "we might as well throw overboard any idea of keeping acting in the line of tradition. The line of tradition has already been completely severed in Europe". This is not to suggest that she is an iconoclast—unless it be of iconoclasticism itself: "I wonder sometimes", she says, "why the Montmartre cubists go on cubing when the cinema exists". The whole book, as a matter of fact, turns out in addition to being descriptive and critical to have a definite and decided aim to uplift.

Her descriptions, or, rather, estimations, are the first of the stimuli which she provides. Habitual film-goers should read them just in order to appreciate better all the ways in which filmgoing makes and has already made them superior individuals, and those who are not habituees should read them in order to get some idea of all that they are missing. "The cinema", she says. "helps us to live complete lives, in imagination if not in fact". That is just "Let's Go to the Movies" will do for our family people who prefer to take their amusement at home.

On the critical side, it is sufficient to know that she has no use for De Mille. "I am not", she says, "an admirer of Mr. Cecil B. de Mille, though I will admit that he has a perfect genius for vulgarity in every sense of the word.... Mr. de Mille obviously likes toying with the Infinite. The Ten Commandments is his wash-pot, and over Reincarnation he has cast out his shoe. I shall never feel the same about the decalogue or about reincarnation now that I have seen what Mr. de Mille has done with them." This reviewer would like to shake a paw with Miss Barry and add that he once came out of a de Mille million dollar success half an hour before the end of it.

There is one point raised by Miss Barry which must be of great interest to those wishing to develope the movies in China. "One thing never to be lost sight of in considering the cinema is that it exists for the purpose of pleasing woman. Three out of every four of all cinema audiences are women". The explanation, of course, is that the cinema is a vision of people doing things, and that, failing suitable constructive outlets in this imperfectly organized society, she seeks in imagination a substitute for what would otherwise be an impossibly tedious form of life. This leads us, in considering China, to ask the following most important questions: (1) Shall women's emancipation in China be encouraged specially for the sake of helping the film industry? or (2) shall women's home life be made more interesting in order to prevent the popularization of the movies?

Shanghai Jan, 30, 1928 J D. M.

H. R. Cooper of the Koppel Industrial Car and Equipment Company has gone to Manila where he will remain in charge of the office in the Philippines during the absence of A. H. Bishop who has gone home on leave.

The number of Japanese or persons of Japanese parentage in the Hawaiian Islands is given as 132,242, according to a recent census report. The population of other races on the Islands are as follows; Chinese, 25,198; Filipinos, 52,124; Hawaiians, 20,931; Koreans 6,214 and Portugese 28.417. Of mixed nationalities some 15,208 are classed as Caucasian-Hawaiian; 9,437 as Asiatic-Hawaiian. The white population composed of Americans, British, Germans and Russians numbers about 35,000. The white population is thus outnumbered by approximately 300,000.

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"I like Baby's Own Tablets and am glad to recommend them to all mothers", says Mrs. Mary J. Pepin, of No. 1 Cary Hill, Willimantic, Conn. "I think they are one of the best laxatives I have ever given the children and they like to take them. When my little ones have colic I give them Baby's Own Tablets and they get relief at once. I would not be without the tablets in the house for I have eleven children and the tablets are my remedy to keep them in health."

Baby's Own Tablets are guaranteed to contain no opiates and to be perfectly safe for the youngest child. They are sold by all druggists, or will be mailed, post-paid, 60 cents the vial, by the Dr. Williams' Medicine Co., 60 Kiangse Road, Shanghai, Adv.

In the United States Court for China

LYDIA P. RICHARDS, Plaintiff, vs. ROBERT REPATH PICHARDS, Defendant.

Cause No. 3031
Civil No. 1271

ORDER.

Filed at Shanghai, China, January 20, 1928.

L. T. KENAKE
Clerk.

ORDER.

The object of this suit is an action for divorce. On motion of the plaintiff on this 20th day of January 1928, it is ordered that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays accruing after the day of the last publication of this order; otherwise the cause will be proceeded with as in case of default.

MILTON D. PURDY
Judge,
United States Court for China.

In The American Consular Court For The District Of Shanghai China

In re
Last Will and Testament
of
EL'ZABETH E. HERSHEY
Deceased.

SPECIAL PRO EEDINGS
NO. 92

NOTICE

Pursuant to an Order of said Court, notice is hereby given to all persons having claims against the Estate of ELIZABETH E. HERSHEY, deceased, to present the same with vouchers to the undersigned, on or before June 28, 1928, and all persons owing debts to the said deceased are hereby notified to make payments of the same in due course to the undersigned.

CHARLES HOWARD JUDD
c/o China Inland Mission
9 Woosung Road
Shanghai.

Shanghai, China. January 20, 1928

Men and Events

J. Michelet, Norwegian Minister in Peking, has arrived in Shanghai on his way home on leave.

M. J. Verdier has been appointed secretary of the French Municipal Council of Shanghai in succession to M. P. Legendre.

John H. Reisner, Dean of the College of Agriculture and Forestry of the University of Nanking, who has been in Shanghai for some time, has returned to Nanking.

Bruce Rae of the *New York Times* and his wife Isabel Ross Rea of the *New York Herald-Tribune* are making a trip around the world on the Resolute and will be in Shanghai in March.

A campaign to raise a fund of G.$2,000,000 in the United States for famine relief purposes in Shantung province, has been launched according to telegrams received in Shanghai this week.

Hubert S. Liang, a Chinese newspaperman who has been on the staff of the *Detroit News* of Detroit, Mich., for several years has returned to China in order to visit his parents who live in Wuchang.

Miss Lucille Douglas, formerly on the staff of the *Shanghai Times* but who is now an artist in New York, is collaborating with Mrs. Ayscough and Mrs. Hobart in a book dealing with Nanking.

E. L. Powell for many years correspondent for the *Associated Press* in Manila has been appointed as the representative of the *Associated Press* at Panama. He will also cover the Nicaraguan situation.

Culver B. Chamberlain, vice-consul, who has been connected with American consulates at Canton, Tientsin and Swatow, has arrived in Shanghai and will be connected with the American Consulate-General here.

Father Kawley, a German missionary stationed near the town of Sinyangchow, Honan, has been captured by bandits, according to a *Reuter* report from Hankow on Feb. 5 which stated that the bandits were demanding a ransom of $30,000.

Mrs. Carmi Thompson, who toured the Far East with her husband in 1926 when Col. Thompson made an investigation of the Philippines, is returning to Shanghai in March according to a letter received by *The Review* this week. Mrs. Thompson is making a tour around the world.

Major General Wm. D. Connor, formerly commander of the U. S. Expeditionary force stationed in Tientsin under the Boxer Protocol, has been appoined chief of the Army War College in Washington, D. C. The Army War College is the highest educational institution of the U. S. War Department.

Ernest K. Moy who has been the representative of the *Nationalist* and *Kuo Min* news agencies in the United States has returned to Shanghai on a brief business trip. P. W. Kuo former president of National Southeastern University of Nanking who has also been in America for two or three years, has returned to China.

Dr. John C. H. Wu, J. D., LL. B., Judge of the Shanghai Provisional Court was guest of honor and delivered an address on the subject, "World Peace, Its Conditions and Precedents," before the Pan-Pacific Association on Tuesday, Feb. 7. S. Fesseden, Chairman of the Shanghai Municipal Council presided at the meeting which was held at the Union Club.

Arthur W. Hummel for some thirteen years connected with the American Board Mission in China has been appointed personal adviser in the Chinese department of the Library of Congress, Washington, D. C. Mr. Hummel's duties will be to supply advice to those in search of information pertaining to Chinese history and culture. The Library of Congress now has more than 8,000 volumes in its Chinese section.

The Texas Oil Company and the California Petrolium Company, two of the largest "independents" in the United States have agreed to amalgamate, according to a report from New York on Jan. 20. The two companies will be merged into one concern having a capital of G. $375,000,000. The report stated that the new concern may become an active competitor of the Standard Oil Company of New York and the Asiatic Petrolium Company in the Far East.

ENJOYING THE SHOW

Your enjoyment, or otherwise, of a theatrical perfermance dpeends as much upon yourself as upon the ouality of tne skill of the players. To correct liverishness, biliousness, bad taste in the mouth, or a sluggish digestion, and thereby to put yourself into right physical condition to enjoy all the good things of life, Pinkettes,the dainty little laxatives, are perfection. Your chemist sells Pinkettes, or post free at 60 cents the vial, from the Dr. Williams' Medicine Co., 60 Kiangse Road, Shanghai, Adv.

From the Chinese Press

(News items pertaining to Chinese politics appearing under this heading, are taken mostly from the daily reports of the Kuo Wen (independent), Kuo Min (Nanking official) Nationalist (Wu-Han official) and Toho (Japanese) news agencies, and from translations of articles appearing in the local Chinese press).

February 1—Peking Foreign Office decides to establish consulate in Formosa—Kiangsu provincial authorities call conference to consider means for suppression of banditry in province-Peking report states that Wang Yin-tai, Minister of Foreign Affairs and Gen. Chang Ching-hui, Minister of Industry have resigned—Feng Yu-hsiang calls conference of military leaders at Chengchow—Chang Tso-ling sends sum of $100,000 to Gen. Chen Tsai-sung and considerable ammunition with instructions to capture Ningwukwan, Shantung—Feng Yu-hsiang dispatches Gen. Wang Hung-en with strong force into western Shantung—Madame Ho Hsiang-lin, prominent member of Kuomintang finally agrees to attend Fourth Pleanary Session of party in Nanking upon request of Gen. Chiang Kai-shek—Nanking report states that Gen. Li Chi-sum may resign from the chairmanship of the Kwangtung provincial government and Gen. Chen Ming-shu may be appointed to the position—Chang Tso-ling receives further large shipments of arms at Chinwantao, supposedly from Japanese interests—Gen. Yang Yu-ting calls military conference at Paotingfu; claims Chihli-Shantung forces still hold Taminfu—Report from Chengchow states Feng Yu-hsiang has captured Tsaohsien in Western Shantung after month's siege, resulting in 4,000 prisoners, 20 large guns and 3,000 rifles; Gen. Chiang Ming-yui, formerly with Feng, but who deserted, captured in Tsaohsien—Nanking troops capture Nanlohsien in Southern Chihli; Feng prohibits cultivation of opium in Honan, Shensi and Kansu—Nanking Ministry of Finance discharges T. A. M. Castle British Commissioner of Customs at Wuhu owing to allegation that he unlawfully disobeyed the Ministry's orders regarding release of salt—Nanking orders all customs superintendents to pass cigarettes without further tax payments owing to recent settlement of tax controversy at Shanghai—Nationalist Government Council holds meeting, appoints Dr. Tsai Yuan-pei as president of the first Chaotung University at Shanghai; considers petition from Chang Tze-kiang for establishing religious freedom; C. T. Chu Director-general of Accounts appointed chief secretary of the financial supervision committee; Liu Shu-chi appointed provincial educational Commissioner of Hupeh in succession to Wang Shi-chi, who resigned—Preliminary meeting of Fourth Plenary Session of Kuomintang dismisses charges against the five Cantonese members and orders them to resume their duties, the five being Ho Hsiang-ning, Chen Shu-jen, Wang Fa-chun, Pan Yun-chao, and Wang Loh-ping—Nanking claims that following capture of Shihchiachwang by Feng Yu-hsiang that the Chihli forces have withdrawn to Paotingfu.

February 2—Kuomintang Headquarters in Nanking decides to close all branches in districts and hsiens and permit only the provincial branches to function—Peking—Suiyuan Railway income drops to $3,000 daily—Sun Chuan-fang wires Chang Tso-ling for military funds; Chang promises to remit $250,000—*Kuo Wen* report from Peking states that the Belgian Minister has notified the Peking Government that in case it does not immediately pay up the interest on the Lung-Hai Railway loan, that the Belgians will turn the matter over to Dr. C. T. Wang, recently appointed tupan of the railway by the Nationalist Government—Six railway bridges on the Peking-Hankow Railway have been destroyed in the recent fighting between Fengtien and Kuominchun troops—Yang Sen's troops all evacuate Ichang and troops of 43td, 30th and 2nd Nationalist armies arrive—Chang Tso-ling calls another conference over the situation on the Peking-Hankow line; conference participated in by Generals Chang Tso-hsiang and Tang Yu-lin—*Toho* (Japanese) news agency report states that serious financial esmplications developing in Manchuria over slump of paper currency with police arresting prominent merchants for refusing to accept the worthless money, and laborers appearing for relief; latest quotations are 4,000 paper for $100 silver; company of Fengtien cavalry deserts on account of failure to receive pay—Feng Yu-hsiang makes offensive at Taming and Tung-cheng; Gen. Chu Yu-puh dispatches 6th Chihli army to Taming and Chang Chung-chang sends four brigades; Chang Tso-ling sends 8th Fengtien army to Tzuchow region to oppose Feng—Chinese Federation of Commercial Unions in Peking starts movement to bring about cessation of internal fighting—Chinese protest recent Japanese radio regulations which were submitted to recent International wireless Conference, on grounds that Japan claims territorial and political jurisdiction over Port Arthur and Dairen—International Customs valuation conference continues work in Peking—Fourth Plenary Session of Kuomintang opens in Nanking; Gen. Chiang Kai-shek submits proposals for reorganizing Kuomintang party and Nationalist Government.

February 3-4—Peking Premier, Pan Fu, holds conference with Liang Shih-yi, Shen Ju-lin, Li Shih-hou, Wang Ko-min, Wang Yin-tai, Wu Chen, Yen Tso-pin and others on question of customs and Nationalist demands for division of surplus as well as enactment of interim tariff rates prior to customs autonomy on Jan. 1, 1929—Wu Chien Vice-minister of Foreign-Affairs submits proposal to Chang Tso-ling urging abolition of 2½ percent surtax and imposition of 12½ percent; said tax to be collected at customs houses and that preparations be made for reconvening tariff conference—Acting Inspector General Edwardes arrives Shanghai—Chang Tso-ling's agents in Manchuria adopt drastic measures to stop slump of paper currency; Chinese judicial officials resign owing to currency situation at Mukden—Wuhan 7th, 13th and 21st armies begin crossing Hsiangkiang river at Changsha for purpose of launching attack on Hunanese troops formerly under Gen. Tang Shen-tse—Serious bandit and communist trouble develops near Kiukiang-Peking reported to have completed draft of new treaty with Poland—Fourth Plenary Session of Kuomintang in Nanking elect 11 candidates to replace those expelled from party on account of Communism and other reasons, new members being Pei Yung-ti, Chow Chi-kong, Wang Shih, Wang Loh-ping, Chen Chia-yu, Chu Chi-chin, Ting Chao-wu, Ho Yin-chin, Chu Min-yi, Chen Shu-jen and Huang Shao-hsing; decide to create four branches of Political Council, one each at Canton for Kwangtung and Kwangsi, at Wu-Han for Hupeh and Hunan, at Kaifeng for Honan, Shensi and Kansu and Taiyuan for Shansi, Suiyuan and Jehol; Gen. Bei Wen-wei makes proposal for developing national standing army of 600,000 to replace present disorganized armed forces of 1,400,000 and recommends using disbanded soldiers for reclamation and for colonization in Northwest in Inner Mongolia and Sinkiang—Chinese settle salt-smuggling incident involving Japanese at Hankow (fuller report elsewhere in this issue)—Yang Yu-ting employs Chen Chien former Minister of Interior as chief councillor—Kuo Pi-chen and Fang Shou-cheng, employes of Peking-Hankow railway at Tunhuangtih station killed by Communists-Nanking stages mass-meeting in celebration of opening of Fourth Plenary Session of Kuomintang—Gen. Ho Yin-chin prohibits commandeering of railway stock by military on Tientsin-Pukow and Lung-Hai lines—Chiang Kai-shek calls conference of hospital directors in Nanking for making plans for relief work in spring fighting—Fifty more Communists executed in Wu-Han--Nanking report states Hwang Fu shortly appointed Foreign Minister—Mr. Martel, French Minister at Peking entertained by Chinese officials at Hankow—Gen. Lu Ti-ping commander of 2nd Revolutionary army arrives at Ichang—*Kuo Wen* report from Peking states that Peking Government may restore Sir Francis Aglen to post of Inspector General of Customs, from which post he was dismissed by Chang Tso-ling last year.

February 5-6—French Minister to Peking, Count De Martel, visits Hankow and Nanking and is entertained by Nationalist and Kuomintang officials; in address at Nanking French Minister expresses confidence in success of Nationalist Revolution—*Kuo Min* report states Nationalist Military Council is adopting special precautions to prevent intrigue of Sun Chuan-fang agents in Shanghai district, alleging that Sun's agents have expended more than $150,000 in fomenting uprisings along the Shanghai-Hangchow railway—Fourth Plenary Session prepares declaration for publication shortly dealing with Nationalist policy toward both Japan and Russia—Chinese laborers in Toa Tobacco Company's plant in Mukden strike on account of depreciated paper currency—Peking appoints Customs Autonomy Commission—Japanese *Toho* report alleges that Chang Tso-ling optained loan of $2,000,000 from the South Manchuria Railway to use in constructing the Kirin Railway, but that after receiving the money, Chang has refused to continue the negotiations—*Kuo Wen* report states that bandits robbed a shipment of $106,000 being made by ten banks in Wusih to Soochow—Liang Shih-yi, likely to be appointed head of the Customs Administration by Peking Government—Nationalist Government remits $250,000 to Hankow for military purposes—Fengtien dispatches Gen. Chang Hsueh-liang to the Peking-Suiyuan line to oppose advance of Shansi forces in direction of Kalgan—*Kuo Wen* report from Peking states rumors prevalent in Diplomatic Circles that an international conference is shortly to be called to consider China questions—Fengtien orders general attack on Yen Hsi-shan—Wang Shou-nai and Wu Chi-ting appointed vice-chiefs of the National Rolled Tobacco Bureau by Nationalist Government.

American Gold Bond Quotations

Name of Security	Coupon Rate %	Date of Maturity	Sale Price Jan. 26th	Sale Price Feb. 2th	Approx. Yield to Maturity Feb. 2th
Czecho Slovak Govt. Sinking Fund Loan...	8	Oct. 1, 1952	110 1/8	111 1/8	7.02
Czecho Slovak Govt. Ext. S. F. Loan.....	7 1/2	Oct. 1, 1945	105 1/4	105 1/4	6.98
Republic Chile S.F. Loan	7	Nov. 1, 1942	101 1/8	101 1/8	6.84
Argentine Government.. Ext. S.F. Loan.....	6	May. 1, 1960	100 1/4	100 1/4	5.98
Kingdom of Italy, Ext. S. F. Loan.....	7	Dec. 1, 1951	99 1/4	98 7/8	7.10
Austrian S. F. G. Loan..	7	June 1, 1943	104 1/8	103 7/8	6.60
French Ext. S. F. Loan	8	Sept. 15, 1945	110 7/8	110 3/8	6.96
Japanese Govt. (£).....	5	1907/1947	87 3/4	87 1/8	6.11
German Govt. S. F. Loan	7	Oct. 15, 1949	107 3/4	107 1/4	6.38
Deutsche Renten Bank 1st Lien Farm Loan	7	Sept. 15, 1950	101	100 5/8	6.95
Saxon Public Works Inc. 1st Mtge. S. F. Loan ..	7	Feb. 1, 1945	100 7/8	99 1/2	7.02
German G.E.C.S.F. Loan	7	Jan. 15, 1945	104 1/8	104 1/8	6.52
Finnish Guaranteed Municipalities S. F. Loan...	6 1/2	Oct. 1, 1954	99	99	6.58
Chicago Rapid Transit 1st. & Refunding Mtge.	6 1/2	July 1, 1944	98 1/2	98 1/2	6.65
Northern Ohio Power & Light Co. Debentures.	6 1/2	Jan. 1, 1941	100	100	6.50
Cuban Domin. Sugar Co. 1st Lien S. F. Loan...	7 1/2	Nov. 1, 1944	100 1/2	100 1/2	7.45
Camaguey Sugar Co. 1st. Mtge. S. F. Loan.....	7	Oct. 15, 1942	100 1/2	100 1/2	6.95
Pennsylvania Dixie Cement Corporation...	7	Pfd. Stock	96	96 1/2	7.25
Victor Talking Machine Company Cum, Prior	7	Pfd. Stock	103 1/2	103	6.80
Willys Overland Co.....	7	Pfd. Stock	95	95 1/8	7.30
The National City Bank of New York.....	20	Stock	772	762	2.63
Republic of Peru, Ext. Secured S. F. Loan...	7 1/2	Sept. 1, 1956	106 1/2	106 1/2	6.97
Hershey Chocolate Corp.	$4	Pfd. Stock	73	72	5.56
Belgian National Railway Co. Paticipating.....	6	Pfd. Stock	87 1/4	86 7/8	6.91
Central Bank for Agriculturo, Germany.....	6	July 15, 1960	——	93	6.52
Sugar Estate of Oriente..	7	Sept. 1, 1942	——	101	6.89

The National City Company, The National City Bank Building, No. 2A Kiukiang Road, Shanghai, China.

U. S. Steel Corporation Earnings Drop G.$43,000,000

The earnings of the United States Steel Corporation for 1926 were G.$43,000,000 below the earnings for 1926 according to a *Reuter* report from New York on Jan. 31, the report stating that the announcement caused a considerable stir in Wall Street. The net income of the company declined G.$29,-000,000 from the previous year's figures. The stock earning for 1927 was equivalent to only G.$8.80 a share as compared with G.$17.90 in 1926.

TRAGEDIES OF MARRIAGE

Thousands of girls and women marry who are unfit for marriage. It is to this cause that much of the misery of which the world is so full is due.

An anaemic bride begins her married life under an enormous handicap. And anaemia, the blight of womanhood the world over, is more prevalent here in the East than in any other part of the globe.

Do you suffer from life-blighting anaemia? Are your lips and checks bloodless? Do you lack bright spirits and sparkling eyes? If, so, there is a way back to health and happiness for you through the discovery of an eminent medical man, whose prescription was so successful in private practice that he arranged for it to be available to the whole world of sufferers from anaemia and nervous weakness. This prescription today in the form of Dr. Williams' pink pills for pale people is world famous.

The secret of the curative power of Dr. Williams' pink pills is that they rapidly make new, rich, red blood, and strengthen the vital organs until the whole system is invigorated with new life. Begin your own cure now with Dr. Williams' pink pills. Medicine vendors throughout the world sell them and they are also obtainable from the Williams' Medicine Co., 60 Kiangse Road, Shanghai, 1 bottle for $1.50, 6 bottles $8.00, post free. Adv.

Shanghai Exchange for Week Ending Wednesday, February 8, 1928

By Maitland, Fearon and Brand

Exchange:—The difference of 3/16d. between the spot and forward prices of Bar Silvor in London which existed a week ago, has disappeared for the time being, today's quotation being 26 1/8d. ready and forward, which shows a decline of 1/8d. in the ready price and an improvement of 1/16d. in the forward price. The officiel T/T rate on London is 1/4d. lower @2/6 3/4d. The exchange market in regard to imports and exports shows an in the volume of business passing, export paper being particularly in evidence during the last few days and the undertone of the market appears steady, and near and forwand rates are becoming closer. Banks are sellers of T/T, February delivery as follows:—London 2/7, New Yew 62 7/8, Yen 74 3/4. 4 m/s expors pseper con be placed, Sterling 27 3/4, G $ 64 3/8.

Our stocks of silver are reported as follows:—

Sycee and Bar Silver.....Tls.53,273,000 an increase of Tls. 408,000

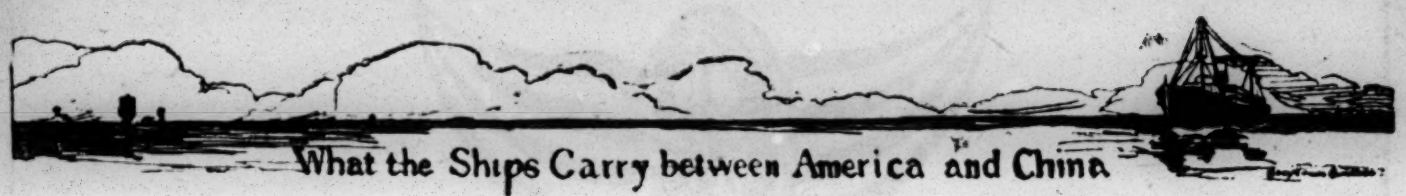
Chinese and Mexican Dollars..... $ 77,580,000 a decrease of $ 1,170,000

Estimated value Tls. 109,130,000 as against Tls. 127,039,000 held at this time last year

	Average rates for Jan.	Thursday Feb. 2nd	Friday Feb. 3	Satur. Feb. 4	Mon. Feb. 6	Tuesday Feb. 7th	Wed. Feb. 8
Bank's selling rates		*opening*	*opening closing*	*opening closing*	*opening closing*	*opening closing*	*opening closing*
T/T London	2/7.075	2/6 3/4	2/6 3/4	2/6 3/4	2/6 3/4	2/6 3/4	2/6 3/4
D/Dfts ,,	—	2/6 13/16	2/6 13/16	2/6 13/16	2/6 13/16	2/6 13/16	2/6 13/16
4 m/s ,,	—	2/7	2/7	2/7	2/7	2/7	2/7
T/T India	171.400	170	170 1/4	170 1/4	170 1/4	170 1/4	170 1/4
T/T France	1,555,250	1590	1590	1590	1590	1590	1590
T/T N. Y.	63.150	62 1/2	62 1/2	62 1/2	62 1/2	62 1/2	62 1/2
T/T Demand		62 5/8	62 5/8	62 5/8	62 5/8	62 5/8	62 5/8
T/T Hamburg		262	262	262	262	262	261 1/2
T/T H'kong	79.512	79 1/2	79 1/2	79 1/2	79 1/2	79 1/2	79 1/2
T/T Japan	74 350	75 1/8	75 1/4	75 1/4	75 1/4	75 1/4	75 1/4
T/T Batavia	155 850	154 1/4	154 1/4	154 1/4	154 1/4	155 1/4	154 1/4
T/T Straits	90.612	91 1/2	91 1/2	91 1/2	91 1/2	91 1/2	91 1/2
Bk's buying rates							
4 m/s B/L. Cred. D/A	2/9.075	2/8 3/4	2/8 3/4	2/8 3/4	2/8 3/4	2/8 3/4	2/8 3/4
4 m/s ,, D/P	—	2/8 7/8	2/8 7/8	2/8 7/8	2/8 7/8	2/8 7/8	2/8 7/8
6 m/s ,, B/L Cred D/A	2/9.387	2/9 1/16	2/9 1/16	2/9 1/16	2/9 1/16	2/9 1/16	2/9 1/16
4 m/s B/F Cred D/A or D/P	1,630.250	1660	1660	1660	1660	1660	1660
4 m/s N.Y.Lc	66.525	65 7/8	65 7/8	65 7/8	65 7/8	65 7/8	65 7/8
4 m/s ,, Docs	—	66 3/8	66 3/8	66 3/8	66 3/8	66 3/8	66 3/8

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling. Bullion.	Feb. 2	Feb. 3	Feb. 4	Feb. 6	Feb. 7	Feb. 8
*London Price of Bar Silver per oz. (English Standard 925 touch)...Pence	26 1/8	26 1/16	26 1/8	26 1/8	26 1/16	26 1/8
**New York Price of Bar Silver per oz. (Pure)	G. $.56 3/8	G.$.56 3/4	G. $. 56 3/4	G. $. 56 1/8	G. $. 56 1/8	G. $.56 1/4
Shanghai Price of Gold Bars (weight Tls. 10 (Chanping) 978 touch).....	Tls. 366 90	Tls. 368 00	Tls. 369 40	Tls. 368 60	Tls. 368 40	Tls. 367
Shanghai Silver Bars (weight Tls. 100 (C.) 999 touch)	110 90	110 90	110 90	110 90	110 90	110 80
Shanghai Mexican Dollars per $100.....	72.	72.1	72.1	72.0625	72.025	72.0375
Native Bank Rate of Interest (Call money).....	Nil	Nil	Nil	Nil	Nil	Nil
*Closing Price in Lond on for Previous day						
**Closing Price in New York for Previous day						

Bank of England rate of discount	4 1/2%	London Paris on	T/T 124.
Bank of France rate of discount	3 1/2%	New York on London	T/T 487 1/4
London open Market of Dis. 3 m/s	4 1/16%	Bombay on London	T/T 1/6
,, 4 ,,	4 1/16%	Hongkong on London	T/T 2/0 1/8
,, 6 ,,	4 1/16%	Kobe on London	T/T 1/11 3/16



What the Ships Carry between America and China

Return of the Shanghai Customs

Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs.—Pieces; Mills—thousands; Hk. Tls.—Haikwan Tls., Nov. Customs Rate Tls. 1.42 equal Gold $1

WEST ISLIP, December 27.
From U. S. A.

Gasoline, in Cases....	Galls.	3,000
Oil, Lubricating, Mineral	Galls.	75,087
Oil Kerosene, in Cases	Galls.	112,300
Oil, Kerosene, in bulk	,,	313,729

ASO MARU, Dec. 30,
from U. S. A.

Paints, Unclassed....	Pls.	14
,, ,, ...	Galls.	360

WEST NOMENTUM,
December 31,
from U. S. A.

Flour	Pls.	147
Oats, Rolled	,,	61
Softwood, Ordinary, Sawn	Sup ft.	599,633
Softwood, Merchantable Manufactured	,,	820,803

TAKAOKA MARU,
December 31.
To San Francisco.

Tea, Green:		
Gunpowder, Ningpo.	Pls.	397
,, other Ports	,,	13
Tallow, Vegetable	,,	418

To Cincinnati.

Tea, Green:		
Gunpowder, Ningpo.	,,	31

To New York.

Silk, Waste, Cocoon Strippings	Pls.	51
Tea, Black, other kinds, Hankow	,,	114
Tea, Leaf, Unfired, ..	,,	247
Tea, Green:		
Gunpowder, Ningpo.	,,	1,241
,, other Ports	,,	268
Cotton Yarn, Waste...	,,	63
Antimony, Crude	,,	336
,, Regulus...	,,	3,360
Brassware	,,	59
Bristles, Assorted	,,	91
Feathers, Duck	,,	156
Hides, Buffalo, Untanned	,,	427
Oil, Wood	,,	1,154
Wool, Sheep's	,,	117
Hats, Rush and Straw	Pcs.	20,950
Skins, Sheep, Untanned	,,	5,000

To Philadelphia.

Cotton, Yarn, Waste ..	Pls.	100

To Baltimore.

Tea, Green:		
Gunpowder, Ningpo.	,,	89

PRESIDENT TAFT, Dec. 31.
To Vancouver.

Walnuts, Kernels.....	Pls.	82

To St. Louis.

Nutgall Plum.....	,,	420

To Seattle.

Walnuts, Kernels.....	,,	432
Oil, Wood	,,	4,500

To Toronto,.

Silk, Pongees, Shantung	,,	2

To Tacoma,

Oil, Wood.....	,,	9,450

To Shamokin.

Silk, Raw, Steam Filature: White, Shanghai Bls.		
140	,,	140.28

To Luzerne.

Silk, Raw, Steam Filature: White, Shanghai Bls.		
75	,,	73.93

To Huntingdon.

Silk, Raw, Steam Filature: White, Shanghai Bls.		
200	Pls.	197.09

To Hoboken.

Silk, Raw, Steam Filature: White, Shanghai Bls.		
45	,,	44.65

To Reading.

Silk, Raw, Steam Filature: White, Shanghai Bls.		
10	,,	9.98

To Buffalo.

Silk, Raw, Steam Filature: White, Shanghai Bls.		
385	Pls.	379,71

To Northamption.

Silk, Raw, Re-reeled from Dupions: White Shanghai Bls.	1	,, 1

To Philadelphia.

Silk, Waste: Shanghai ....Bls.	3	,, 9.79
Rhubarb..		,, 25
Wool, Sheep's		,, 900

To Chicago.

Tea, Green: Gunpowder, Ningpo.		,, 625

To Houston.

Hair, Human.....		,, 134

To Boston.

Bristles, Assorted		,, 109
Hides, Salted		,, 269

To New York.

Silk, Raw, Steam Filature: White, Shanghai Bls.		
73		,, 73.70
White, other Ports Bls. 42.....		,, 42.06
Yellow, other Ports Bls. 10.....		,, 9.88
Silk Raw, Filature: Wild, other Ports Bls. 50.....		,, 50.67
Silk Pongees, Honan..		,, 34.00
Silk, Piece Goods...		,, 3.79
Albumen, Dried.....		,, 29
Antimony Regulus....		,, 584
Bristles, Assorted.....		,, 170
Egg Melange, Dried		,, 84
,, Yolk, Dried.....		,, 42
Hides, Buffalo, Untanned		,, 281
Skins, Lamb, Untanned	Pcs.	7,923
,, Rabbit,	,,	,, 24,500
,, Weasel,	,,	,, 2,889
,, Sheep,	,,	,, 9,000
Skins, Sheep, Tibetan, Raw.....		,, 1,000

PRESIDENT JEFFERSON,
January 3.
from U. S. A.

Cotton, Raw..Bls.	225	Pls. 820
Lead, in Pigs		,, 1,680
Canned Asparagus ..		,, 41
Canned Fruits, Table & Pie		,, 40
Currants and Raisins ..		,, 72
Fruits, Dried.....		,, 11
Grease, Lubricating, Mineral		,, 163
Hay		,, 148
Ink, Printing.....		,, 89
Leather, Cow.....		,, 21
Leather Sole, (Shoulders & Bellies)		,, 165
Milk, Condensed		,, 72
,, Evaporated		,, 816
Newspapers, Old.....		,, 74
Oranges, Fresh		,, 218
Paper, Unclassed		,, 754
Saccharine		,, 8
Soda, Silicate of		,, 38
Starch		,, 152
Tobacco, Prepared, in Tins		,, 14
Motor-cars		Pcs. 1
Hosiery.....		Doz. 20
Lemons, Fresh		Mille 19
Oil, Lubricating, Mineral		Galls. 95,100
Oil, Transformer		,, 250
Paint, Varnish		,, 102
Treasure:		
Silver Bars.....		Hk. Tls. 517,037
Gold Bars		,, 143,942

Weekly Cotton Market Report

By J. Spunt & Co.

China Cotton:—Since the re-opening of our market after the Chinese New Year Festivities, an easier undertone than has been experienced for some time past may be said to have characterised our market, and prices show a decline on the whole of Tls. 1.50 to Tls. 1.75 per picul lower than that ruling before the holidays, and with a tendency at the close inclining more toward a weaker than stronger direction. The cause of such weakness is attributable to the influence brought to bear by the gradual declines being now registered in both Mid-Americans and Indians, and the movement was rendered more vigorous by the selling of shorts, together with the continued poor demands from local spinners and non-improvement in the yarn markets.

Mid-Americans declined since the 14/1/28, by 200 points for spot, 202 points for March 194 points for May, 161 points for July, 117 points for October and 110 points for December. Indians have also declined Rps 30 for Bengal, Rps. 33 for Oomra and Rps. 36 for Broach per Candy.

Viewing the situation broadly, having in view the present reticense on the part of consumers, and the bearish sentiment prevalent in general, no considerable rise is to be anticipated in the domestic staple in the immediate future, but we cannot encourage our friends to follow the Bears too far at the moment. However, not wishing to be unduly pessimistic, we believe that the wisest course for spinners would be to buy at every decline and the average result, we feel confident will prove beneficial.

Yarn:—The market has had a weak appearance since the issue of our last report, and without any great excitement prices were carried down Tls. 5.00 from the level before the holidays. Business for export has been booked some 10,000 to 11,000 bales in all counts during the interim.

Liverpool:—

American-Middling	9.81
American-Middling last reported	10.81
Tone of the Market,	*Weak*

New York Market:—

Price of Mid-Amer.	17.45 Spot.
	16.91 Mar
	17.10 May.
	17.18 July.
	17.02 Oct.
	17.05 Dec.

Tone of the market—*Weak.*

Indian Market:—

Fully Good Bengal, Mar.	282
Fine Oomra, Mar.....	310
Fully Good Broach, April/ May.....	342
Tone of the market—	*Weak*

Shanghai Market:—

	Tls.
Tungchow, Spot. Exwharf	34.00
Shanghai, Feb.....	32.00
M. Ginned, Feb.....	32.50
Shensi, No. 1 Feb/Mar.	34.00
Ningpo. Spot, Exwharf.	30.00

Tone of the market—*Weak*

Shanghai-Nanking Railway Abridged Time Table.

Main Line—Shanghai-North to Nanking.

UPWARD

STATIONS		Local	Fast	3rd&4th Local	Express	3rd & 4th	Local	Fast	Local	Local	Local	Local	Night Express
Shanghai North	dep		7.00	7.20	8.50	9.05	12.10	12.35	14.20	16.10	18.10	19.35	21.30
Nansiang	„		7.28	7.50	—	9.39	12.42	13.05	14.59	16.41	18.42	20.12	22.13
Anting	„		7.49	8.19	—	10.10	13.05	13.29	15.30	17.03	19.07		—
Kunshan	„		8.17	8.48	10.11	10.51		14.04	16.08		19.44		—
Soochow	„		9.11	9.53	10.54	12.04		14.57	17.14		20.36		1.06
Wusih	„	6.35	10.13	11.05	11.50	13.30		15.50	18.28		21.35		2.50
Changchow	„	7.51	11.14	12.07	12.47	14.48		16.55	19.32				4.33
Tanyang	„	8.58	12.16		13.40	15.58		18.00					6.14
Chinkiang	„	10.05	13.10		14.23	17.09		18.57					7.02
Nanking	arr.	12.05	14.49		15.40	19.19		20.30					8.42

Main Line—Nanking to Shanghai-North.

DOWNWARD

STATIONS		Local	Local	Local	Fast	Express	Local	3rd&4th Local	3rd & 4th	Fast	Local	Local	Night Express
Nanking	dep.				6.55	9.10			9.25	12.30		16.35	21.30
Chinkiang	„				8.43	10.46			11.40	14.30		18.54	0.24
Tanyang	„				9.28	11.25			12.45	15.28		19.50	1.26
Changchow	„		6.45		10.36	12.39		13.05	14.08	16.44		21.11	3.03
Wusih	„	5.30	7.55		11.45	13.32		14.20	15.45	17.47		22.15	4.35
Soochow	„	6.30	9.09		12.45	14.26		15.45	17.10	18.51			6.14
Kunshan	„	7.21	10.13		13.32	15.03		17.10	18.24	19.42			—
Anting	„	7.51	10.47	13.27	14.04	—	17.15	17.45	19.09	—			—
Nansiang	„	8.15	11.12	13.49	14.24	—	17.37	18.09	19.40	20.31	20.50		7.52
Shanghai North	arr.	8.40	11.37	14.15	14.50	16.00	18.03	18.42	20.10	20.55	21.19		8.16

From the 25th May, 1927.

Shanghai-Hangchow-Ningpo Railway Abridged Time Table.

Shanghai North to Zahkou DOWN — **Main Line** — Zahkou to Shanghai North UP

STATIONS		Fast Local	Ex-press R	2nd 3rd & 4th	Fast R	Fast Local
		*	*	*	*	*
Shanghai N.	d.		8.05	9.15	13.30	15.35
Jessfield	d.		8.21	9.32	13.46	15.51
Siccawei	d.		8.27	9.40	13.53	15.58
Lunghwa J.	d.		8.40	10.02	14.07	16.14
Shanghai S.	d.		8.15	9.30	13 40	15.45
Lunghwa J.	a.		8.34	9.49	13.59	16.04
Sungkiang	d.		9.20	11.00	14.53	17.08
Kashai	d.		10.09	12.07	15.48	18.10
Kashing	d.	7.40	10.40	12.49	16.23	18.35
Yehzah	d.	8.25	11.14	13.40	17.03	(a)
Changan	d.	9.18	11.49	14.32	17.44	
Hangchow	d.	10.34	12.45	16.00	18.55	
Zahkou	a.	10.50	13.00	16.25	19.10	

STATIONS		Fast Local	Ex-press R	2nd 3rd & 4th	Fast R	Fast Local
		*	*	*	*	*
Zahkou	d.		7.15	9.05	13.35	15.25
Hangchow	d.		7.40	9.40	14.00	15.51
Changan	d.		8.32	11.05	15.06	17.03
Yehzah	d.		9.03	12.03	15.43	17.46
Kashing	d.	7.35	9.44	12.57	16.32	18.25
Kashai	d.	8.06	10.08	13.35	16.59	(a)
Sungkiang	d.	9.15	11.01	14.48	17.58	
Lunghwa J.	d.	10.11	11.41	15.53	18.47	
Shanghai S.	a.	10.30	12.00	16.12	19.07	
Lunghwa J.	d.	10.10	11.42	15.48	18.45	
Siccawei	d.	10.19	11.49	15.57	18.54	
Jessfield	d.	10.26	11.56	16.05	19.01	
Shanghai N.	a.	10.40	12.10	16.20	19.15	

Konzenchiao-Zahkou — (Kiangshoo Branch Line) — Zahkou-Konzenchiao

Konzenchiao	d.	7.05	9.30	11.45	13.50	17.30
Kenshangmun	d.	7.21	9.48	12.01	14.10	17.46
Hangchow	d.	7.38	10.00	12.12	14.23	18.03
Zahkou	a.	7.55	10.20	(a)	14.40	18.20

Zahkou	d.	8.15	10.35		15.10	18.35
Hangchow	d.	8.34	10.54	12.38	15.29	18.58
Kenshangmun	d.	8.46	11.06	12.51	15.46	19.11
Konzenchiao	a.	9.00	11.20	13.05	16.00	19.25

Note:—Trains marked with* are in connection with S.N.L. Trains at Shanghai North.
R—Restavrant.

Three Castles

CIGARETTES

1878

HALF A CENTURY OF SUCCESS

"THREE CASTLES" WERE FIRST MANUFACTURED IN 1878. THE EXCELLENT REPUTATION OF THIS FAMOUS BRAND IS FOUNDED ON

QUALITY

This advertisement is issued by the British American Tobacco Co. (China) Ltd

EA-250

中華郵政特准掛號認爲新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China.

Startling New Prices!

Vital Improvements ~ Attractive New Colors

Absolute smoothness and quietness of engine operation characterize the improved Dodge Brothers Motor Car.

Decreased weight gives it a surprising new snap and elasticity.

The lower and more graceful closed bodies are finished in rich and attractive colors.

Vision from within is increased to an almost incredible degree.

Reduction of bulk was accomplished by further notable advances in all-steel body construction, in which Dodge Brothers have led the world from the very beginning. Naturally there is a proportionate gain in operating economy — with *increased safety* and *durability*.

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The Dragon Motor Car Co., Ltd., 3 Wong Nei Chung Road, Hong Kong
The L. E. Gale, Co., Ching Ming Building, Hankow
E. W. Frazar & Co., 13 Rue de Paris, Tientsin

DODGE BROTHERS MOTOR CARS